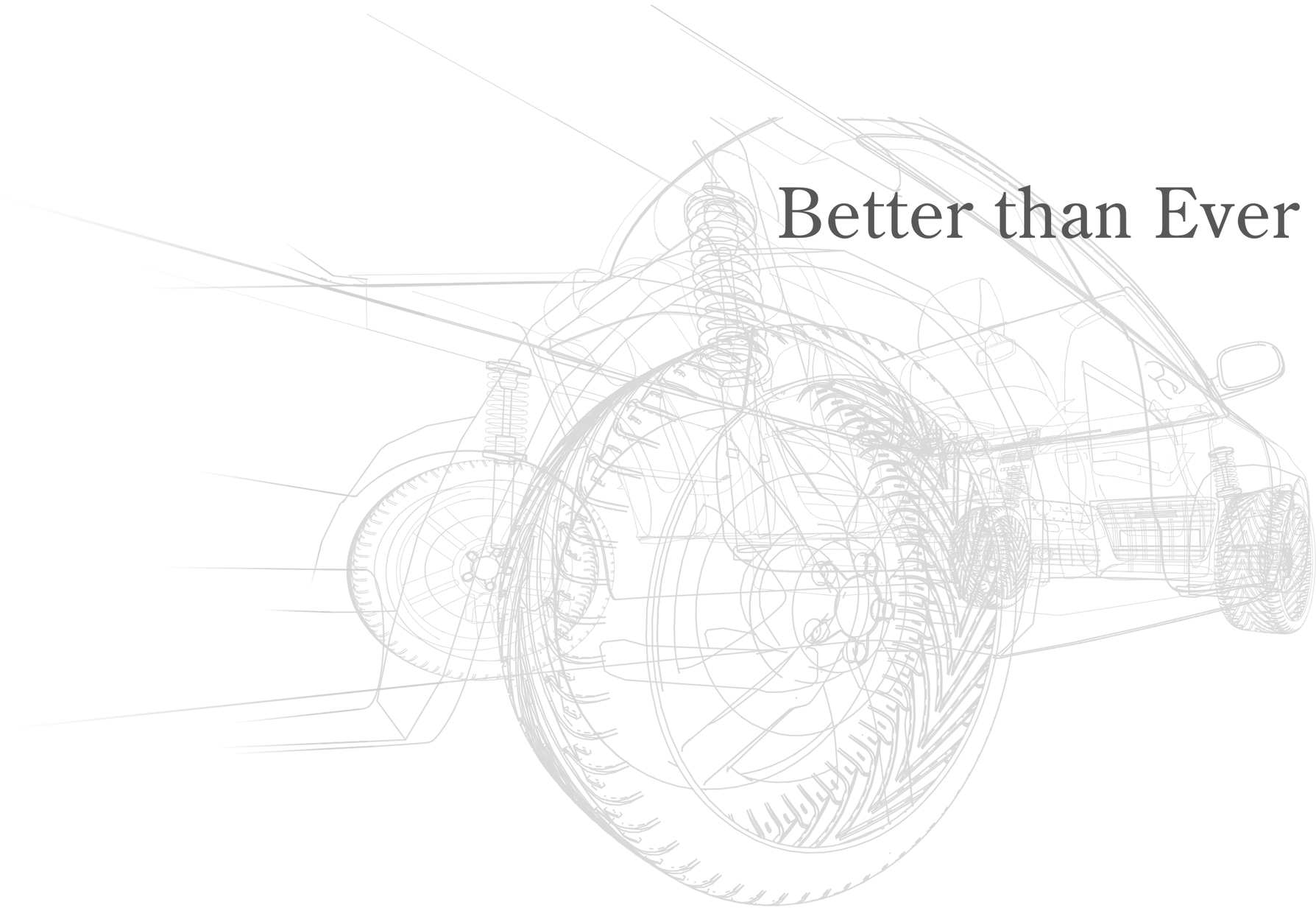

Better than Ever

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Issued Oct. 2022
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CSR Report 2022

Better than Ever

Editorial Policy

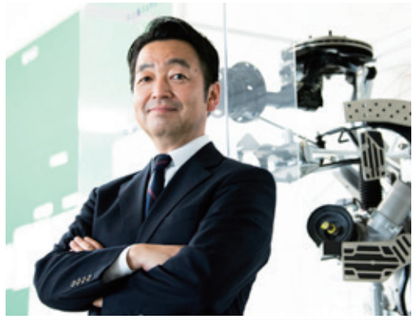
FY 2021 was a year in which the F-Tech Group was greatly affected by changes in the external environment, including the continuation of the new type of coronavirus infection, production fluctuations due to the shortage of semiconductors, the situation in Russia and Ukraine, and the sharp rise in raw material and energy prices due to the weak yen. Today, various changes in the social environment continue, and the true value and evolution of our Group in terms of flexibility and sustainability continue to be tested.

For more than a decade, we have reported on our environmental and social contribution activities in this report. In response to the recent increase in social demands for sustainability-related information disclosure, the Our Group has been making efforts to carefully disclose information, including a summary of financial information and responses in accordance with TCFD* recommendations. We hope that this report will be of help to our stakeholders in understanding our group.

In preparing this report, we have referred to TCFD recommendations on environmental considerations and climate change risk, and ISO 26000 on social responsibility. In this report, the F-tech Group is referred to as the F-tech Group or our Group, and F-tech Corporation is referred to as F-tech or our company.

*Task Force on Climate-Related Financial Disclosures

CONTENTS



Reporting period

This report includes results for FY 2021(April 2021～ March 2022) and some content outside of the period.

<Definition of Fiscal Year (FY) translation in this report>
FY •••• means the terms from April •••• to March •••• +1.
Example: FY 2018 means the terms form April 2018 to March 2019

Future projections, plans and goals

This report is a forecast based on information available at the time it was written and is not definitive. Therefore, the results of future business activities may differ from the projections contained in this report.

President & CEO
Yuichi Fukuda

Message from Top Management

We are making efforts to further improve our corporate value.

Changes in the External Environment

During the three-year period of the 14th mid-term business plan, which runs through FY 2022, the auto parts industry has been severely affected by major changes in the external environment: COVID-19, semiconductor supply shortages, lockdowns in Shanghai, and the recent situation in Ukraine. The automotive suspension for products in which the F-tech Group specializes will remain important components even if more vehicles are powered by electric motors (EVs) rather than gasoline engines. The suspension for EVs needs to be optimized as requirements change along with shifting EV body structures. We constantly aim to reduce weight and improve cost competitiveness, taking handling stability and crash safety into consideration. Suspension is responsible for automobile's basic function and is positioned as important safety parts and the constant safety is highly required.

Focus on Human Resources

As a work style reform, we have applied the flextime system to more departments to create an efficient working system. Rather than imposing top-down measures on employees, we have introduced a career-building system that encourages employees to think for themselves and choose their own careers. For example, we have introduced an open recruitment system for expatriate staff, and have established a "takumi" (mentoring) system to pass on the extensive experience and expertise of retiring employees. We have been successful in a work-life balance initiative to ensure that all employees use their paid leave that is carried over to the following year. This culture has taken root, and we have achieved a rate of zero carryover for 23 years. On the diversity front, we aim to have 10% of management positions filled by women by 2030. Rather than simply encouraging female employees to be active in the Company, we are holding "Town Meetings" with women to elicit their opinions on what is needed to encourage their active participation and how their environment can be improved. Going forward, we will establish a working team of female employees to formulate and implement measures for promoting the participation of women. Meanwhile, to foster global human resources, every year we recruit Japanese nationals who have been living overseas or have experience studying abroad. As we develop our business activities on a global scale, in addition to stationing employees from Japan at overseas sites we will consider actively promoting the mobility of human resources within the Group. Such efforts may involve transferring overseas personnel to Japan or facilitating transfers between sites.

Governance

With regard to governance, each year we evaluate the effectiveness of the Board of Directors in the aim of continuously improving the board's operations. In 2021, we established a voluntary Nomination and Remuneration Committee. Through this committee, which deliberates on the selection of directors and executive officers, as well as the setting of remuneration standards, we aim to make management more transparent and objective. We use a skill matrix to show the diversity of directors, in terms of their expertise, experience, and capabilities. We disclose this matrix in our notice for the General Meeting of Shareholders, as well as in this report. In addition, to raise awareness of governance throughout the Group, we provide all employees a translated version of "Our Action Guidelines" (the corporate code of conduct we distribute to all employees in Japan). Going forward, we intend to encourage more employees to join the Employee Stock Ownership Plan. We will consider measures to revitalize the plan and improve employees' sense of participation and ownership in management.

Social Contribution

As a new initiative, we held a joint food drive donation ceremony with our major financial institutions. Together, we donated food to seven children's cafeterias in the nearby cities of Kuki and Kazo. In this way, we provided support to families whose lives were casted into major uncertainty by COVID-19, as well as to the children who persevered despite the pandemic restrictions. This initiative also provided an opportunity to cultivate employee awareness about the issue of food loss. We engage in ongoing efforts to clean up local areas and make them more attractive. Employees at the Kuki Plant focus on the area along the Bizenhori River, the Kameyama Plant handles a greenbelt owned by the city of Kameyama, and the Haga Technical Center cleans an industrial park. We will continue working with our employees on efforts like these to address social problems.

Initiatives on Environment

The Japanese government has announced the new target of achieving Carbon neutral by 2050. We plan to establish CFC(Cross Functional Team) , consisting of members selected from each department , and to create a "roadmap" toward carbon neutrality by 2050, which will be reflected in our next mid-term business plan. We recognize that carbon neutrality cannot be achieved just through daily energy-saving activities. Rather, we will need to integrate all the F-tech Group's manufacturing expertise and combine it with new ideas. This process is multifaceted; we will need to review manufacturing processes, upgrade production equipment, and switch to other sources of electricity. This initiative has a long time horizon, so we will work on toward our goals by setting a broad framework for what measures to implement and when, and will keep on tackling this issue, bearing in our minds that how we pass the torch to the next generation.

Improvement of Corporate Value

F-tech was established as a manufacturer more than 75 years ago. Over the years, we have get the business opportunities with many customers. We have also developed a worldwide system to ensure we meet their fundamental requirements such as product quality, cost, and delivery times. One of our strengths lies in having an integrated system that covers all processes in house, from development to mass production. Every customer has different development processes and needs. We ascertain these needs and develop products accordingly. As a result, we generate quality products efficiently and supply them to our customers around the world in a timely manner. Going forward, all of us at the F-tech Group will keep our origins as a manufacturing company firmly in mind as we strive on a daily basis to provide value to our customers all around the world.

Vision for the Future

The F-tech Group's vision for the future is to become "the world's leading supplier specializing in the area of underbody functions". By this, we refer to the three-product group comprising subframes, suspensions, and pedals. We have honed our expertise in this area ever since entering the automotive business. We aim to become the "wold's leading supplier global manufacture" in the sense of "having a manufacturing orientation," rather than as measured by sales or market share. We define "having a manufacturing orientation" as the ability to produce high-quality products safely, efficiently, and with minimum energy consumption, and to supply them to customers on time at a cost level that firmly reflects the Company's efforts. We share this definition with all employees, not only those in manufacturing area but also back-office personnel, and encourage all to do their utmost to ensure they are "number one" in their respective areas.

COVID-19 has dramatically changed the social environment over the past several years. In addition to this, the international situation has recently been extremely unstable, being characterized by conflicts among nations, politics, and trade friction. Even in a rapidly changing social environment, a chaotic international situation, and a dramatically shifting business environment, we recognize the need for all stakeholders to understand how passionately the F-tech Group is committed to its corporate activities and is fulfilling its social responsibility. Despite the uncertain outlook, we are looking resolutely forward as we cultivate both business and ESG activities. As we have remained faithfully focused on manufacturing since our founding, We now have the responsibility to bring this same focus to our ESG activities. It is my hope that this "CSR Report 2022" will effectively convey the F-tech Group's efforts in this regard to our stakeholders.

Outline of Corporate Activities

Steadily improve the financial soundness and solve environmental issues at all sites.

Financial Index

Sales

Although the market is recovering from the new coronavirus infection, overall sales increased only 4.5% from the previous year to 191,892 million yen due to the ongoing semiconductor supply shortages.

Operation Profit

Sales decreased 62.8% from the previous period to 1.1 billion yen. Despite of increase in machinery & tools sales and technical services sales (royalties) in Japan and the effect of cost reductions, the continued impact of the new coronavirus infection as well as a decrease in consolidated sales due to semiconductor supply shortages had a significant impact, resulting in a 1.9 billion yen decrease from the previous fiscal year.

Interest-bearing debt balance

In FY2020, borrowing to prepare for the impact of the new coronavirus infection occurred, but decreased steadily from the previous year. in FY2021, borrowing was just under 65 billion yen due to new large investment projects overseas.

Interest-bearing debt dependency

Although we have maintained the 30% level for consecutive years since FY2017 by continuously strengthening management of total assets and interest-bearing debt balances, in FY2021 the level is at 40% for the first time since FY2016 due to new large capital investments and other factors.

Environment Index

CO_2 emissions

Target: 5.6% reduction compared to FY 2017 CO_2 emissions per unit

FY2021 result: 0.371t-CO_2/sales million yen (-16.3% compared to FY2017)

Water resource consumption

Target: 4.4%reduction compared to FY2017 water resource consumption per unit

FY2021 result: 2.94 m3 / sales million yen (-5.6% compared to FY2017)

Waste emissions

Target: 4.0% reduction of waste emissions per unit of sales in FY2017

FY2021 result: 0.019ton/sales million yen (-22.6% compared to FY2017)

Details are explained on pages 34 and 35 of this report. In addition, there are some changes in the contents of last year's report, and some of the contents have been revised.

	Item	Unit	FY2017	FY2018	FY2019	FY2020	FY2021
Financial Index	Sales	Million yen	226,060	235,361	218,712	183,647	191,892
	Operation Profit	Million yen	6,856	6,580	4,088	3,072	1,142
	Operation Profit Ratio	%	3.0	2.8	1.9	1.7	0.6
	ROE	%	12.8	6.9	0.8	▲2.9	0.5
	Interest-bearing debt	Million yen	59,510	46,220	51,342	49,565	64,867
	Interest-bearing debt dependency	%	39.5	33.7	38.3	36.3	40.3
Environment Index	CO_2 emissions (Unit)	t-CO_2/Sales Million yen	0.443	0.432	0.415	0.396	0.371
	Water resource consumption (Unit)	m^3/Sales Million yen	3.12	3.08	3.14	3.48	2.94
	Waste emissions (Unit)	ton/Sales Million yen	0.025	0.020	0.023	0.023	0.019

History of the F-Tech Group

From a Small Town Factory to a Global Company

Founding Period 1947~1964

Jul. 1947 Founder Jiroku Fukuda established Fukuda Seisakusho in Soka City, Saitama Prefecture, by press working of toy parts

Oct. 1959 Began manufacturing motorcycle parts for Honda Motor Co.

Jul. 1961 Honda won the Isle of Man race. Received a letter of appreciation from Soichiro Honda for supplying parts

May 1964 Company name changed to Fukuda Press Kogyo Co.

At the time of establishment

Founding Period of Automobile business 1965~1989

Jan. 1965 Developed and manufactured functional parts for four-wheeled vehicles

May 1967 Kameyama Plant (currently Kameyama Wada Plant) established in Kameyama, Mie Prefecture

Dec. 1978 Head office and plant (now Kuki Plant) moved to Kuki City, Saitama Prefecture

Nov. 1983 Fukuda Engineering Co. was established

Oct. 1986 F&P Mfg., Inc. was established in Ontario, Canada as the group's first overseas base

Dec. 1988 Company name changed to F-TECH INC.

Certificate of Appreciation from Mr. Soichiro Honda

Diversification of customers and business areas 1990~1999

Jul. 1990 Haga Technical Center was established in Haga, Tochigi Prefecture

May 1991 Started business with Mitsubishi Motors Corporation

Jul. 1993 F&P America Mfg., Inc. was established in Ohio, U.S.A.

Jan. 1994 Kyusyu F.tech Inc. was established in Yamaga City, Kumamoto Prefecture, Japan

May F-TECH PHILIPPINES, MFG., INC. was established in Laguna, Philippines as the first base in Asia

Apr. 1995 Began transactions with Nissan Shatai Co. Ltd.

Sep. 1996 Stock registered with the Japan Securities Dealers Association for over-the-counter trading

Apr. 1997 DYNA-MIG, A Division of F&P Mfg. was established in Ontario, Canada

Mar. 1998 F-Tech obtained ISO 9002 certification

Feb. 1999 Business transactions began with Daihatsu Motor Co., Ltd.

Apr. F&P America Mfg., Inc. obtained ISO9002 certification

Nov. All domestic offices acquired ISO14001 certification

Our first overseas base, F&P Mfg.,Inc.

At the time of the name change to the current company name

Expansion Period Ⅰ 2000~2010

Jun. 2000 Began business with Nissan Motor Co.

Oct. F&P Georgia, A division of F&P America Mfg. was established

Jan. 2001 Listed on the Second Section of the Tokyo Stock Exchange

Mar. Began transactions with Toyota Motor Manufacturing North America, Inc.

Apr. Began transactions with Suzuki Motor Corporation

Jun. F.E.G. DE QUERETARO S.A. DE C.V. was established

Jan. 2002 F-tech Zhongshan Inc. was established as the first base in China

Nov. Kyusyu F.tech Inc. obtained ISO 9001 certification

Apr. 2003 F.TECH R&D NORTH AMERICA INC. was established in Ohio, U.S.A.

Nov. 2004 F-tech Wuhan Inc. was established

Mar. 2006 F-TECH MFG. (THAILAND) LTD. was established in Ayutthaya, Thailand

Sep. Listed on the First Section of the Tokyo Stock Exchange

Nov. 2007 Reterra Co. Ltd. was acquired as a subsidiary

Dec. Established FUTIAN MOULD TECHNOLOGY (YANTAI) CO., LTD, a subsidiary of Fukuda Engineering Co.,LTD. in Shandong Province, China, currently YANTAI FUYAN MOULD CO., LTD.

Jul. 2008 F.tech R&D Philippines Inc. was established in Laguna, Philippines

Expansion Period Ⅱ 2011~Present

Dec. 2011 F-tech R&D (Guangzhou) INC. was established

Jun. 2012 Established F&P MFG DE MEXICO S.A. DE CV. in Guanajuato, Mexico

Dec. Selected as a margin trading issue on the Tokyo Stock Exchange

Feb. 2013 PT. F.TECH INDONESIA was established in Karawang, Indonesia

Aug. Michigan/R&D NA Branch Office was established in Michigan, U.S.A.

Oct. Kameyama Plant obtained ISO 50001 certification.

Jun. 2016 Current Public Interest Incorporated Foundation F-TECH SCHOLARSHIP FOUNDATION was established

Sep. 2018 F-Tech Automotive Components Private Limited. was established in Gurugram, India

Nov. 2020 Invested in VEE GEE Auto Components Private Limited.in Gujarat, India

Mar. 2021 Started business with Toyota Motor Corporation

Dec. Established Nomination and Compensation Committee as a voluntary advisory body to the Board of Directors

Apr. 2022 Moved to the Prime Market from the First Section of the Tokyo Stock Exchange

May Acquired India Steel Summit Private Limited in Uttar Bradhish, India

At the time of listing on the First Section of the Tokyo Stock Exchange

F&P MFG DE MEXICO S.A. DE CV.

Moved from the First Section of the Tokyo Stock Exchange to the Prime Market

Mar. 2022 India Steel Summit Private Limited became a subsidiary at the signing ceremony

For “The Best of Specialized Manufacturer in the Area of Undercarriage Function in the World”

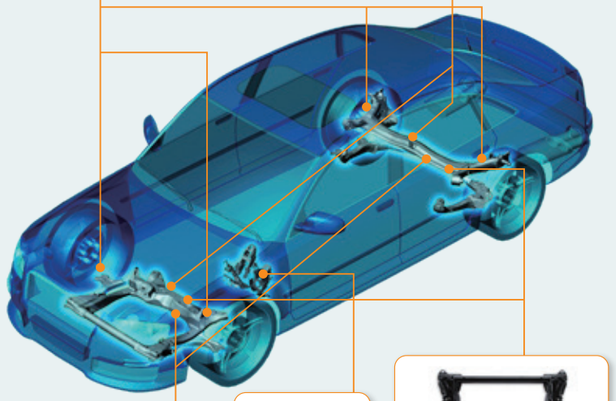
Our Products

The Leading Chassis Suspension Supplier that Can Respond to the Increasing Demand for EV

We manufacture components, such as suspension arms, subframes and pedals, which are important safety components in automobiles, with design high technological capabilities and an unique integrated processing system. While ensuring the high quality required by automobile manufacturers, we have achieved strength, durability and weight reduction at the same time.

Suspension Component Parts

Chassis System



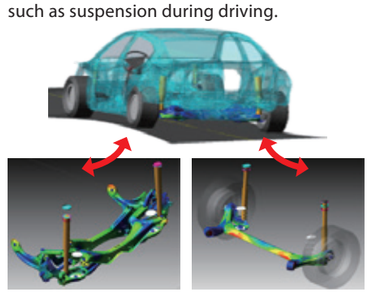
Mounted Components

Control Parts

Modules

Design Technology Capability

By utilizing our proprietary analysis technology, we are promoting development based on product performance predictions such as suspension during driving.



Processing Technology

We have developed the unique technology hydroforming, friction stir welding (FSW), and FUT-1* that is an ultra-precise forming.

*Praised Creativity Award 2020 by the Minister of Education, Culture, Sports, Science and Technology

Corporate Overview

Company Name	F-tech Inc.	Head Office Address	President & CEO Yuichi Fukuda
Head Office Address	19, Showanuma, Shobucho, Kuki, Saitama, JAPAN	Number of Employees (Consolidated)	7,571
Establish	July 1, 1947	Business Activities	Automotive parts and released dies, machines, and tools development, manufacturing, and sales.
Capital	6,790,370,000yen		

Main Customers

Honda Motor Co., Ltd
General Motors Company
Nissan Motor Co., Ltd.
Honda R&D Co., Ltd.
Nissan Shatai, Co., Ltd.
Suzuki Motor Corporation
TOYOTA MOTOR CORPORATION.
and others

Global Network (As of March 31, 2022)

9 Countries, 13 Production Sites & 8 Technology Development Sites

Opened new development sites in each region where we have production sites to ensure prompt response to customers' needs. We aim to improve our operations across the Group through information sharing across all areas including quality, development, procurement and the environment.

●…Production Sites Japan(2), N. America(6), China(2), Asia(3)
●…R&D, Sales facilities Japan(2), N. America(2), China(2), Asia(2)

F-tech Inc.

- ●Head office, and Kuki Plant (Kuki City, Saitama)
- ●Kameyama Plant (Kameyama City, Mie)
- ●Equipment Center (Kazo City, Saitama)
- ●Haga Technical Center (Haga-gun, Tochigi)

Domestic Group Companies

- ●Fukuda Engineering Co., Ltd. (Kazo City, Saitama)
- ●Kyushu F.tech. Inc. (Yamaga City, Kumamoto)
- ●Reterra Inc. (Chichibu-gun, Saitama)

Domestic Affiliated Companies

- ●Johnan Manufacturing Inc. (Ueda City, Nagano)
- ●Johnan-Kyushu Manufacturing Inc. (Nogata City, Fukuoka)

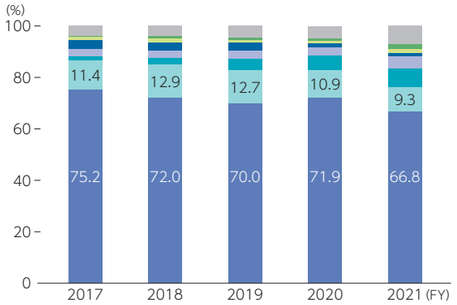
Overseas Affiliated Companies

- ●F&P Mfg., Inc. (Ontario, Canada)(F&P)
- ●DYNA-MIG, A division of Mfg., Inc. (Ontario, Canada) (DM)
- ●F&P America Mfg., Inc. (Ohio, the U.S.A)(FPA)
- ●F&P Georgia, A division of F&P America Mfg., Inc. (George, the U.S.A)(FPG)
- ●F.TECH R&D NORTH AMERICA INC. (Ohio, the U.S.A) (RDNA)
- ●Michigan/ R&D Branch Office (Michigan, the U.S.A)
- ●F.E.G. DE QUERETARO S.A. DE C.V. (Queretaro, Mexico)(FEGQ)
- ●F&P MFG DE MEXICO S.A. DE CV. (Guanajuato, Mexico) (FPMX)
- ●F-TECH PHILIPPINES, MFG., INC. (Laguna, Philippines,) (FPMI)
- ●F.tech R & D Philippines Inc . (Laguna, Philippines,) (FRDP)
- ●F-TECH MFG. (THAILAND) LTD. (Ayutthaya, Thailand) (FMTL)
- ●PT. F.TECH INDONESIA (Karawang, Indonesia)(FTI)
- ●F-Tech Automotive Components Private Limited (Haryana, India)(FTAC)
- ●F･TECH ZHONGHAN INC. (Guangdong, China)(FTZ)
- ●F.TECH WUHAN INC. (Hubei, China)(FTW)
- ●YANTAI FUYAN MOULD CO., LTD(Shandong, China) (FEGY)
- ●F.tech R&D (Guangzhou) Inc. (Guangdong, China) (FRDCH)

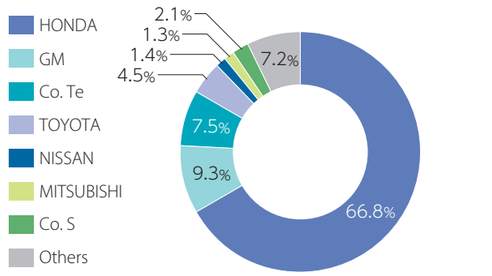
<Equity-method affiliate>

- ●Johnan America, Inc.
- ●Johnan De Mexico, S.A.de C.V.
- ●Johnan F.tech (Thailand) LTD.
- ●VEE GEE Auto Components Private Limited.

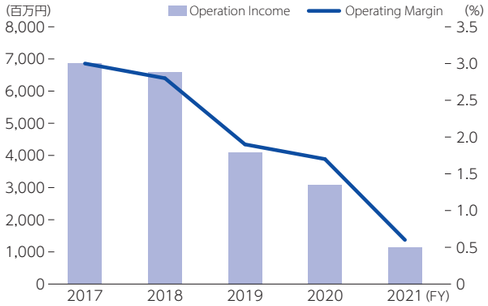
Share of sales by customer



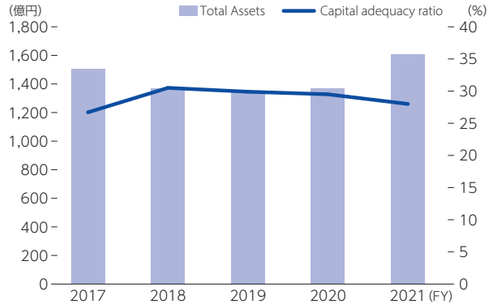
Sales Share by Customer FY2021 Details



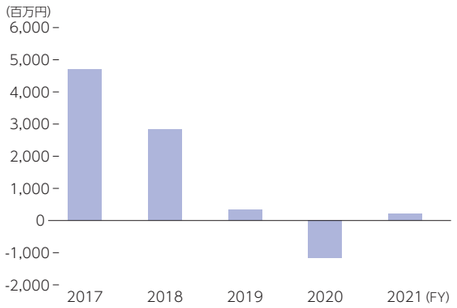
Operation Income/Operating Margin



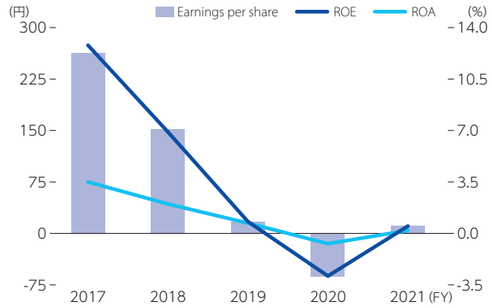
Total Assets/ Capital adequacy ratio



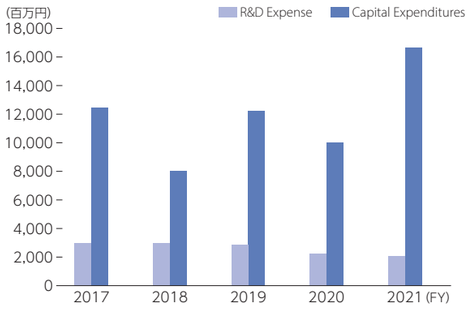
Net Income or Net Loss



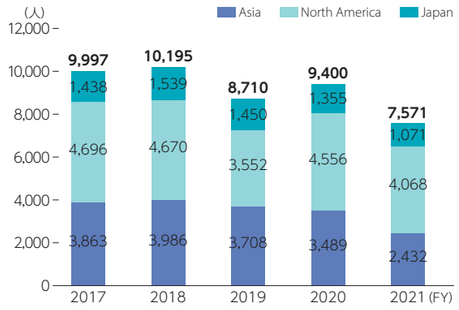
ROE･ROA/Earnings per share



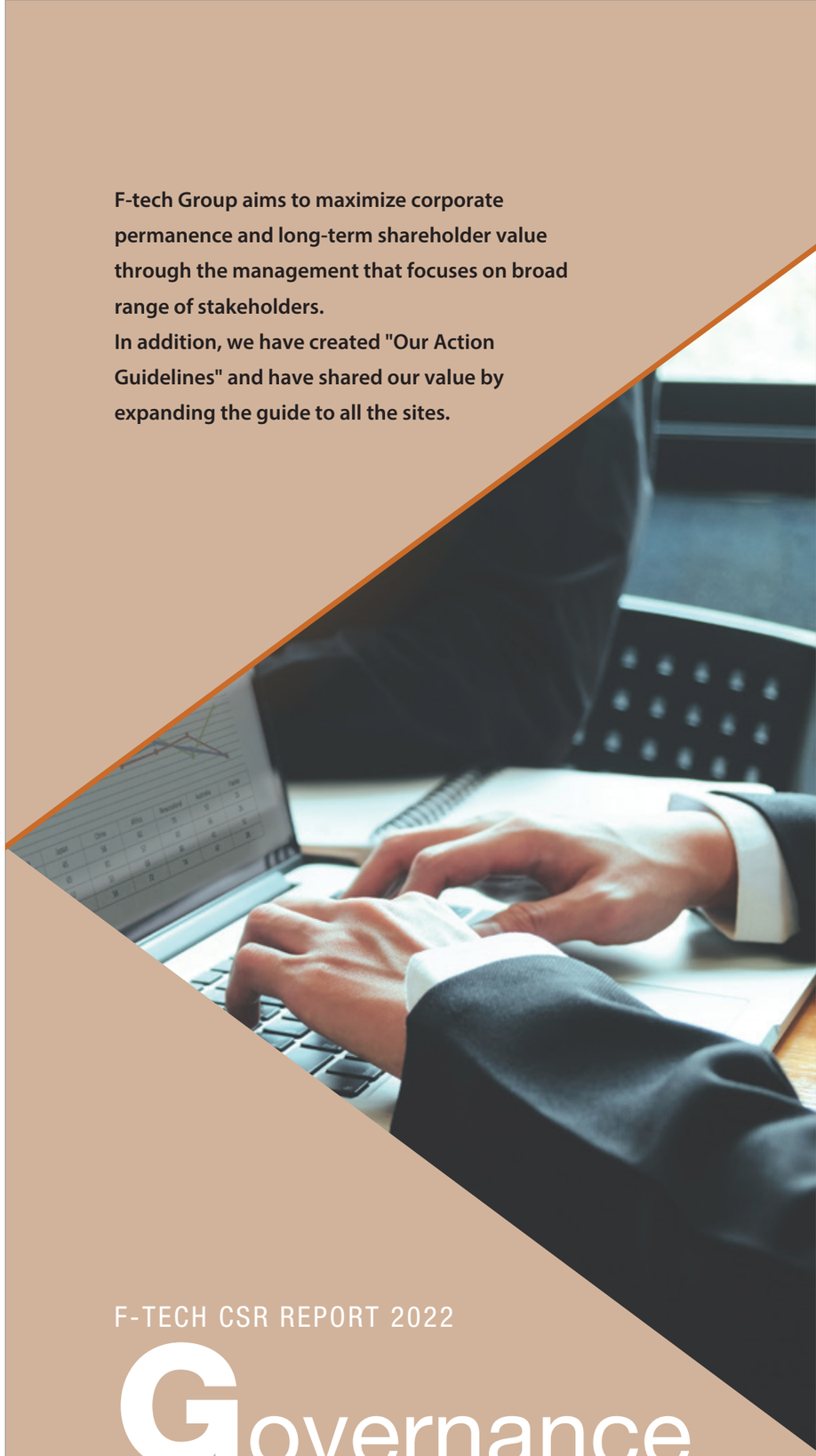
R&D Expense/Capital Expenditures



Employees by geographic segment



F-tech Group aims to maximize corporate permanence and long-term shareholder value through the management that focuses on broad range of stakeholders.
In addition, we have created "Our Action Guidelines" and have shared our value by expanding the guide to all the sites.



F-TECH CSR REPORT 2022

Governance

Mission Statement

From a global perspective, we strive to contribute to our society and to improve the quality of life through manufacturing of the highest quality products with ambition and sincerity.

Corporate Philosophy

Challenging Spirit | **Respecting People** | **Making Profit**

Our Action Guidelines

Compliance with laws and ordinances
We always give top priority to ethically appropriate conduct in all our activities. We always comply with laws and ordinances and act with a good social conscience as a good member of society in keeping with being a company with a high commitment to legal compliance. If we discover any violation or possible violation of any laws, ordinances or company rules, we will report the matter, make suggestions, and consult with our direct supervisor or the Corporate Ethics Kaizen Desk.

Respect for human rights
We respect all individual and human rights of our colleagues in the workplace.
We do not tolerate any child labor, forced labor, discrimination or any type of harassment that violates human rights.

Labor and Safety & Health
We will establish a safe and secure working environment for all our employees, and maintain a pleasant and safe working environment.

Quality
We strictly follow the highest standards and procedures giving top priority to provide products and services with safety to meet customer's expectations.

Compliance with company rules
We create our company's internal rules and regulations based on rational reasoning and relevant objectives to create a fair and equal working environment and we commit to communicating with our employees effectively.

Traffic safety
As a member of the automotive components manufactures, we always observe traffic safety laws, rules and regulations, being a good citizen on the road by giving way to others on the road.

Environmental protection
We will endeavor to protect the environment, with the belief that the Earth belongs to all humankind. We always consider minimizing the impact on nature and optimize energy resource utilization in production.

Increasing corporate value
We believe the purpose of a company as a going concern is the creation of value. We will always strive to maximize socially accepted corporate values by bringing profit long-term for our shareholders and society.

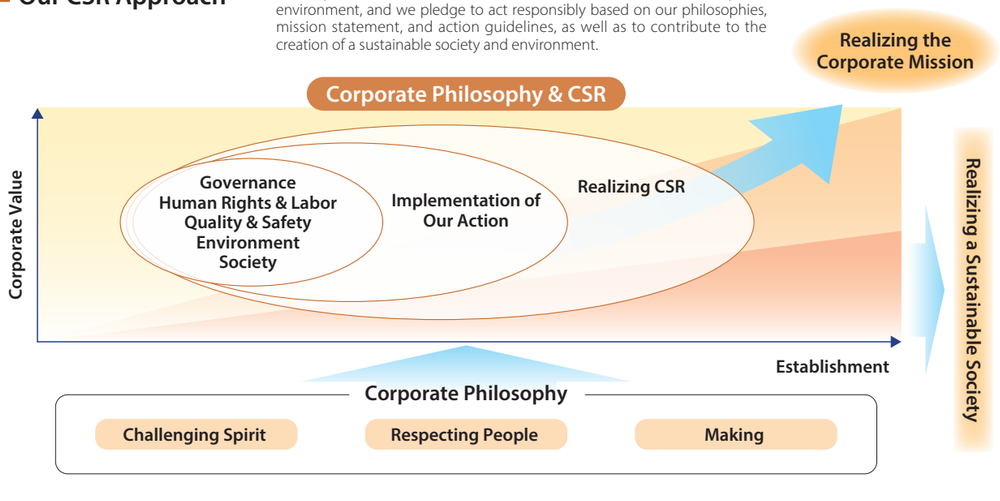
Disclosure and management of information
We strictly distinguish and manage information from personal, company confidential, and to be disclosed appropriately. However, we strive to publicly make available any required information in accordance with respective laws and corporate regulations appropriately and in a timely manner.

Fair transactions
We always ensure business is conducted in a free, equal and fair manner with transparency, and will not engage or agree with any irrational, corrupt business practices.
We will not allow giving and receiving of any benefit or convenience beyond reasonable and legal limits socially acceptable, and we will not maintain any unfair relationship with political parties or government authorities.
We will never permit or tolerate any relationship or connection with any anti-social organizations or behaviors which may threaten the safety and well-being of our society.

Community involvement
Being a member of the local community, we support the creation of an equal, wealthy and well-being of our society through participation in local community development, promotion of cultural, educational, and the improvement of the welfare of the local society.

Our CSR Approach

We fully understand that our business activities affect both society and environment, and we pledge to act responsibly based on our philosophies, mission statement, and action guidelines, as well as to contribute to the creation of a sustainable society and environment.



We are working to reinforce the CSR structure of the entire F-tech Group in our aim of realizing a sustainable society.

Last fiscal year, we realigned our CSR structure to further enhance our CSR initiatives (see the figure below). Under the new structure, the Company-wide CSR Committee works closely with each major department and specialized committee to identify issues, set optimal goals, and encourage CSR activities throughout the Group. As part of our efforts to strengthen corporate governance and internal controls, these departments and committees identify various company-wide issues, follow up on responses, make improvements, and develop preventive measures within the Group.

On the environmental front, we invite personnel from each business location and subsidiary to our annual Environmental Conference, where we share information about each site's measures to reduce environmental impact.

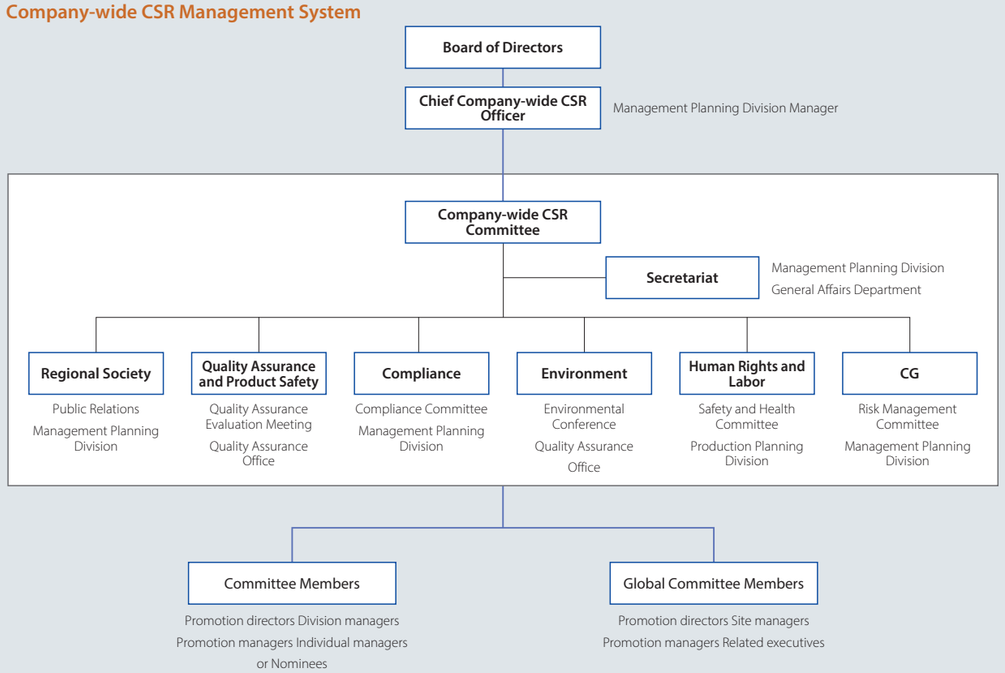
In the social category, we cultivate a workplace culture that encourages balance between work and home life. The working environment also emphasize safety, as defined by our companywide safety policy: "We aim to improve the level of safety at all our sites by standardizing and sharing health and safety rules globally." In addition, we strive to enhance the quality and safety of our own products used around the world in line with our group-wide quality policy, to "Provide the highest value (quality) and maximize customer satisfaction." Meanwhile, in our engagement with stakeholders we strive for timely disclosure and constructive dialogue.

In the area of governance, the Compliance Committee works in accordance with regulations and analyzes the results of stress checks to encourage a more open work environment. The Risk Management Committee, whose members include representatives from each department, examines measures to deal with various risks while incorporating the opinions of each department.

At the end of each fiscal year, we encourage our 17 subsidiaries in Japan and overseas to conduct self-verification using the "F-tech CSR Verification Sheet." We use these results to evaluate the CSR efforts of the entire Group and identify issues to be addressed. We report the results to the Board of Directors, which provides supervision.

We have translated into five languages "Our Action Guidelines," which serve as the starting point of the Group's CSR activities, along with an accompanying explanatory document entitled "Guidelines." In this way, we foster a common global understanding of the Group's CSR activities. F-tech directors, auditors, and supervising executive officers join the management meetings of overseas subsidiaries to manage and supervise their operating systems, as part of our overall aim of realizing a sustainable society.

Company-wide CSR Management System



Governance, Compliance, and Risk Management

Corporate Governance System

Board of Directors

As the decision-making body for management issues, the Company's Board of Directors, consisting of five directors (including two outside directors), decides important topics related to business execution and legal matters, and monitors business execution. We have separated the management and business execution functions by introducing an executive officer system. This move was aimed at strengthening the Board of Directors' decision-making and oversight functions, thereby expediting the execution of business.

In addition, to ensure monitoring of management, F-tech has appointed two highly independent outside directors, whose external viewpoints are actively incorporated into management by receiving opinions and suggestions from multiple perspectives. Moreover, the directors' terms of office are limited to one year to facilitate the Company's ability to respond proactively to changes in the business environment.

Overseas Business

For the overseas business, directors who are also Director & Senior Managing Executive Officers are appointed as a Global Chief SED Officer and a Global Business Management Officer. These executives participate in the decision-making process for overseas group companies. The system is designed to enable an overall evaluation of investment appropriateness and business profitability.

Policy for Determining Remuneration

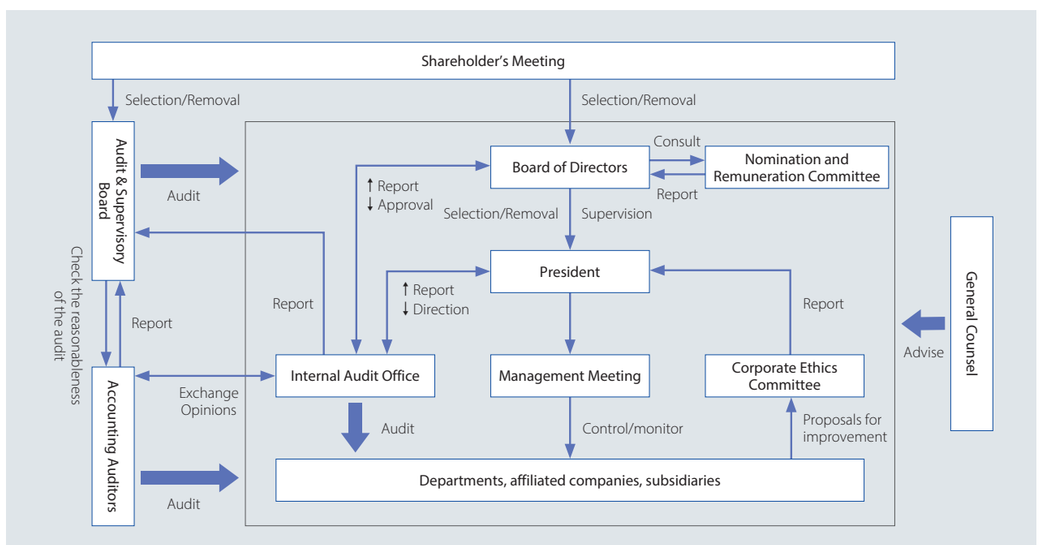
The Nomination and Remuneration Committee is a voluntary committee that advises the Board of Directors. A majority of committee members are independent outside directors, and the committee aims to ensure the Company is transparent, fair, and rational in remuneration amounts and calculation methods for directors and other executives. The committee deliberates on the results of regular third-party surveys of corporate manager remuneration. The committee reports the results of its deliberation to the Board of Directors, and the board decides on remuneration.

Similarly, the Board of Directors resolves performance-linked remuneration following deliberation by the Nomination and Remuneration Committee of key indicators, target levels, and calculation methods.

Compliance Initiatives

In addition to complying with domestic and international laws and internal regulations, we have established "Compliance Regulations" to prevent harassment, including human rights violations. We also provide compliance training tailored to employees of different ages and job levels, and disseminate information through a monthly e-mail newsletter.

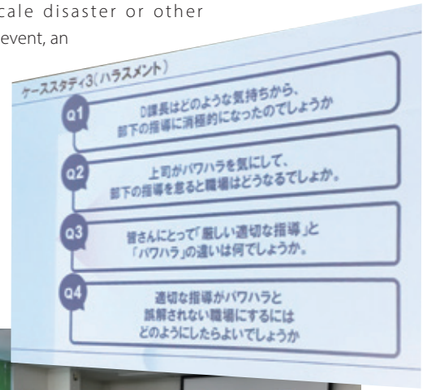
To facilitate anonymous reporting, we have established Corporate Ethics Kaizen Desks both internally and outside the Company, making it easy to offer suggestions. If a problem is discovered, the Corporate Ethics Committee meets, both to protect the whistleblower and to conduct investigations, study countermeasures, and issue instructions for improvement to the relevant department. Each of our overseas subsidiaries has set up either a suggestion box or a whistleblowing desk to promote a more open workplace environment.



Initiatives Addressing Risk

We have established Risk Management Regulations, and we strive to address and avoid various risks. The Risk Management Committee is composed of the Production Planning Division Manager (who serves as risk management officer), the Management Planning Division Manager, and each individual division manager. The committee discusses specific measures, drawing on specialized input from each business.

The BCP (business continuity plan) Working Group prepares and updates department-specific manuals. In the event of a large-scale disaster or other unforeseen event, an emergency task force headed by the president is immediately established to determine countermeasure policies and to quickly restore and recover from the disaster. We continue to implement fundamental measures to prevent infection from COVID-19. To address the possibility of employee infections, we enact thorough measures—such as early testing and taking leave—and alert employees based on our COVID-19 Response Guidelines.



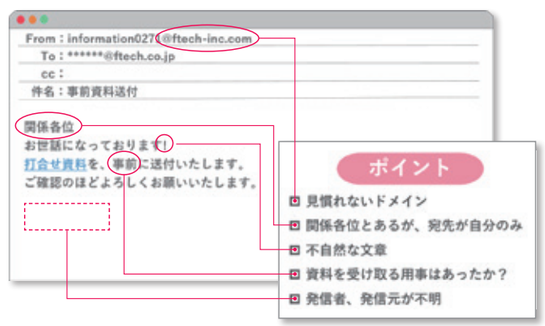
Compliance training

Compliance poster

Information Security Initiatives

We distribute Information Security Guidelines to all employees and strive to ensure a thorough understanding of these guidelines among employees. Minutes of Board of Directors and other important meetings are handled in accordance with our Regulations for the Management of Documents and Forms, Confidentiality Regulations, and Regulations on Information System Management. Contracts and other agreements are subject to Contract Management Regulations and are handled accordingly.

During November of FY 2021, the malware* Emotet raged around the world. Fortunately, our training on targeted email attacks, use of cloud email security services to check incoming email, and regular alerts prevented damage. The Information Security Committee conducted an inventory of PCs to identify damage and speed up response in the event of a security incident. The committee also studied and tested the introduction of EDR*/MDR* in response to unknown threats. Going forward, we intend to introduce EDR/MDR, promote further integration of dispersed backup operations and links with the cloud, and strengthen our system for responding to various threats.



Training example of a targeted attack email

*Malware
A generic term for malicious software or malicious code created with the intent to operate in an unauthorized and harmful manner

*Endpoint detection and response (EDR)
A solution that detects suspicious behavior on PCs and servers (endpoints) and supports rapid response

*Managed detection and response (MDR)
Managed services designed to detect threats that enter the network as soon as possible and act quickly

Directors

Directors

Yuichi Fukuda
President & CEO

Significant Concurrent positions outside the Company
None

Career summary

Dec. 1994 Joined the Company
Jun. 2004 Director
Jun. 2008 Director & Senior Managing Executive Officer
Mar. 2010 Division Manager of Management Planning Division
Apr. 2012 Chief Sales & Marketing Officer and Regional CEO of North America
Apr. 2013 Chief Domestic Business Officer
Apr. 2014 Director & Executive Vice President
Apr. 2015 President & CEO (current position)
Dec. 2021 Member of Nomination and Remuneration Committee (current position)

Hajime Fujitaki
Director & Senior Managing Executive Officer
Global Chief SED Officer

Significant Concurrent positions outside the Company
None

Career summary

Aug. 1981 Joined the Company
Jun. 2004 Senior Operating Officer
May. 2008 President of F&P America Mfg. Inc.
Apr. 2012 Division Manager of Quality Assurance Division
Jun. 2012 Director& Managing Executive Officer
Apr. 2013 Division Manager of Production Planning Division
Apr. 2016 Division Manager of Sales & Marketing Division
Apr. 2017 Division Manager of Sales & Marketing Division and Regional CEO of Asia
Apr. 2020 Director & Senior Managing Executive Officer (current position)
Apr. 2020 Global Chief SED Officer (current position)

Hiroyuki Aoki
Director & Senior Managing Executive Officer
Division Manager of Management Planning Division
Global Business Management Officer

Significant Concurrent positions outside the Company
None

Career summary

Aug. 2015 Joined the Company as Assistant Division Manager of Management Planning Division
Apr. 2016 Senior Operating Officer
Apr. 2016 Division Manager of Management Planning Division (current position)
Jun. 2016 Director and Senior Operating Officer
Apr. 2020 Director & Senior Managing Executive Officer(current position)
Apr. 2020 Global Business Management Officer (current position)

Naoko Tomono
Director Outside Independent

Significant Concurrent positions outside the Company
Partner of T and T PARTNERS LAW OFFICE
Outside director of Taisei Lamick Co., Ltd.

Career summary

Apr. 1988 Joined Sogo & Seibu Co. Ltd. (formerly Seibu Department Store Co. Ltd.)
Dec. 2008 Registered as an attorney at law (Daini Tokyo Bar Association)
Jan. 2009 Joined T and T PARTNERS LAW OFFICE (formerly Takagi Yoshiko LAW OFFICE)
Jan. 2013 Partner (current position)
Jun. 2016 Outside director of Taisei Lamick Co., Ltd. (current position)
Jun. 2017 Outside director of the Company (current position)
Dec. 2021 Chairperson of Nomination and Remuneration Committee (current position)

Nobuhiro Koga
Director Outside Independent

Significant Concurrent positions outside the Company
Professor, Faculty of Fundamental Engineering, Nippon Institute of Technology
Chairperson, Industry-University Cooperation and Entrepreneurial Education Center, Nippon Institute of Technology
Director, Association of Saishin Collabo Sangakukan industry-academic-government collaboration (current position)

Career summary

Apr. 1996 Associate Professor, Faculty of Fundamental Engineering (formerly Department of Mechanical Engineering), Nippon Institute of Technology
Apr. 2002 Professor, Faculty of Fundamental Engineering (formerly Department of Mechanical Engineering), Nippon Institute Of Technology (current position)
Apr. 2013 Chairman, Industry-University Cooperation and Entrepreneurial Education Center, Nippon Institute of Technology (current position)
May. 2016 Director, Association of Saishin Collabo Sangakukan industry-academic-government collaboration (current position)
Jun. 2018 Outside Director of the Company (current position)
Dec. 2021 Member of Nomination and Remuneration Committee (current position)

Skill Matrix

Name/Item	Gender	Independence	Corporate Management	Technology/ Development	Production/ Engineering	Sales/ Procurement	Finance/ Accounting	Legal/ Risk Control	Governance/ CSR	Academic experience	Overseas experience
Yuichi Fukuda	Male		○		○	○	○				○
Hajime Fujitaki	Male			○	○	○					○
Hiroyuki Aoki	Male						○	○	○		○
Naoko Tomono	Female	Outside/ Independent						○	○		
Nobuhiro Koga	Male	Outside/ Independent		○						○ (Engineering)	

Auditors

Masao Toyoda
Full-time Auditor

Significant Concurrent positions outside the Company
None

Career summary

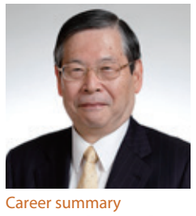
Jun. 1981 Joined the Company
Oct. 2005 President of F&P GEORGIA MFG., INC.
Jun. 2008 Director & Managing Executive Officer
Mar. 2009 Division Manager of Sales& Marketing Division
Apr. 2012 Division Manager of Management Planning Division
Apr. 2014 Director & Senior Managing Executive Officer
Apr. 2016 General Manager of Corporate Planning Office
Jun. 2017 Full-time Auditor (current position)

Yasuyuki Ikezawa
Full-time Auditor

Significant Concurrent positions outside the Company
None

Career summary

Apr. 1980 Joined the Company
Apr. 2002 Administration Block Leader of Development Planning Office
Jun. 2004 Administration Block Leader of Kuki Plant
Mar. 2009 Administration Block Leader of Kameyama Plant
Apr. 2013 Director of F&P Mfg., Inc.
May. 2016 Managing Director of F&P Mfg., Inc.
Jun. 2018 Full-time Auditor (current position)



Hiroshi Takahashi
Auditor Outside Independent

Significant Concurrent positions outside the Company
Director of Non-life Insurance Policy-holders Protection Corporation of Japan
Representative Director Vice Chairman of Japan Institute of Business law
Chairperson of Egusa Foundation for International cooperation in the Social Sciences
Adviser of Atsumi & Sakai

Career summary

Aug. 1985 Professor, Faculty of Law, The University of Tokyo
Dec. 1998 Director of Non-life Insurance Policy-holders Protection Corporation of Japan (current position)
Apr. 2007 Executive Vice President of The University of Tokyo
May. 2009 Professor Emeritus of The University of Tokyo
Jun. 2009 Special Counsel of Mori Hamada & Matsumoto
Feb. 2010 Director of Japan Institute of Business Law
Jun. 2017 Chairperson of Egusa Foundation for International cooperation in the Social Sciences (current poition)
Apr. 2018 Adviser of Atsumi & Sakai(current position)
Jun. 2019 Auditor of the Company (current position)
Jun. 2022 Representative Director Vice Chairman of Japan Institute of Business Law (current positon)

Kenichiro Masuda
Auditor Outside

Significant Concurrent positions outside the Company
President of The Saitama Resona Foundation For Industrial and Economic Promotion
Part-time Auditor of Daizo Corporation

Career summary

Apr. 1984 Joined Saitama Bank, Limited (currently Saitama Resona Bank, Limited)
Jun. 2011 Executive Officer, General Manager of Group Strategy Division, Resona holdings, Inc.
Apr. 2013 Executive Officer, Resona Bank, Limited
Apr. 2013 Executive Officer, Resona Holdings, Inc.
Apr. 2016 Director and Managing Executive Officer, Saitama Resona Bank, Limited
Apr. 2018 Representative Director and Senior Executive Officer,Saitama Resona Bank, Limited
Jun. 2019 President and Representative Director, Resona Guarantee Co., Ltd
Apr. 2022 President, The Saitama Resona Foundation For Industrial and Economic Promotion (current positon)
Jun. 2022 Auditor of the Company (current position)
Oct. 2022 Part-time Auditor of Daizo Corporation (current position)

We are implementing the following measures in response to the revised Corporate Governance Code.

About the Corporate Governance Code

We recognize that human resources who are diverse in terms of gender, nationality, race, and other factors can be a source of a company's values and creativity, and are essential for improving corporate value. Accordingly, we provide an environment where a diverse workforce can flourish. We have established an HR development policy and an internal environment development policy to ensure diversity. These policies state our approach and measurable goals for ensuring diversity among core human resources, including the appointment of women, foreign nationals, and mid-career hires to management positions. "Respecting people," which is one plank of our corporate philosophy, calls for our employees to recognize each other's values and respect each other regardless of gender, nationality, race, or other barriers. We believe that creating new value from diverse perspectives is essential for corporate growth, and we strive proactively to ensure diversity.

Female Managers

We received the "Kurumin" mark, attesting to our certification by the Minister of Health, Labour and Welfare as a "child-care supportive institution." We are actively working to create an environment in which female employees can play an active role. Attesting to these efforts, in April 2019 a woman was promoted to the position of general manager for the first time. The president also holds town hall meetings with female employees in order to incorporate their opinions into business operations. To ensure diversity among the management cadre that supports the top management team, we aim to more than double the number of female managers by FY 2025 compared to FY 2020 figures, and to increase the percentage of female managers to more than 10% of all managers by FY 2030.

Non-Japanese Managers

Overseas sales account for approximately 90% of the Group's net sales, and we are actively working to promote globalization among our human resources as well as of our business. To recruit non-Japanese and other global human resources, we conduct recruiting overseas. In domestic recruiting, as well, we have specified a target number of global human resources, beginning with new graduate recruiting activities for fiscal FY 2023. We currently have one non-Japanese manager. We plan to increase the number of non-Japanese managers and employees by fiscal FY 2025.

Mid-Career Hires as Managers

We hire mid-career professionals who can get up to speed quickly. In FY 2021, mid-career hires accounted for 28% of management positions. We expect this figure to remain constant through FY 2025.

Investment in Human Capital

To promote diversity, we aim to create a healthy and comfortable working environment that fosters diverse work styles and human resource development. Specifically, we meet individually with employees who wish to take leave or work shorter hours due to childcare or other reasons. We also hold briefing sessions with managers in an effort to improve the workplace environment. As part of our efforts to encourage men to take childcare leave, we meet with eligible employees to determine their thoughts on taking such leave. Our flextime system is set up to allow a clearing period to be selected based on individual workplace conditions. We have set our target for days of annual paid leave carried over to "zero." We have reached this target for general employees for 23 consecutive years. In July 2019, we set up a "Takumi" (mentor) system as a new way effectively utilize the skills of retired employees who we have rehired. The system aims to increase motivation and pass on skills. Skilled workers with advanced skills in various areas are certified as "takumi." Their remuneration levels are set according to their responsibilities and the leadership roles they assume.

Number of Men and Women, by Position
(As of April 1 for each fiscal year)

Fiscal year		2017	2018	2019	2020	2021
Promotion to management positions	Men	10	13	7	8	6
	Women	0	0	0	0	0
Managers	Men	166	177	171	175	162
	Women	2	2	2	2	2
Department manager	Men	19	19	17	16	18
	Women	0	0	1	1	1
Section manager	Men	23	27	30	34	35
	Women	1	1	0	0	0
Coordinator	Men	38	45	49	50	50
	Women	3	3	2	2	2

F-TECH CSR REPORT 2022

Social

F-tech Group aims to healthy and comfortable working environment for employee based on philosophy of "Respecting People".
We promote initiative such as diversity and work-life balance.

Creating a Comfortable Working Environment

We aim to create a secure, safety and comfortable working environment for every employee based on our philosophy of respecting people.

Diversity Initiatives

Promoting the Active Participation of Female Employees

F-tech aims to create a workplace where everyone, regardless of gender, can show their individuality and abilities. There have been great improvements to our working environment in this regard, particularly within the manufacturing, engineering, development, and procurement departments, where most employees were male, and we are actively placing women in a variety of fields throughout the Company.

In the future, according to the Act on Promotion of Women's Participation and Advancement, we will promote efforts to hire and promote women and train their leaders with the aim of further expanding the advancement of women in the company. Going forward, we will work toward improving the working environment so that everyone can have a good work-life balance and both men and women can enjoy fulfilling social lives.

Promoting the Active Participation of Senior Employees

In addition to providing an environment for people to work, we also offer life planning seminars and other information to help people think about working post-retirement. In July 2019, we launched our "Takumi" (mentor) system to provide a new way for retired employees to work, boosting retirees' motivation while passing on their skills. In this system, our talented workers with advanced skills are recognized as "takumi," and they play the important role of instructors who pass on their skills to their successors. Their remuneration is determined according to their roles and responsibilities.

Number of rehired retirees (mentor candidates) (As of May 31, 2022)

- Total number rehired as part-time employees: 39
- Of whom, rehired as Takumi mentors: 15

Empowerment of Foreign Employees and Revitalization of the Group

The F-tech Group has 18 overseas offices, and cooperation with each office is essential for the growth of the entire Group. The Company employs people of many nationalities, owing to its active efforts to recruit foreign nationals. We also host technical interns and short-term trainees from overseas bases.

Promoting the Active Participation of People with Disabilities

F-tech meets with special needs schools to exchange information with a view to hiring people with disabilities. We currently employ 22 people with disabilities, accounting for 2.4% of total employees, compared with the legally stipulated level of 2.3% (21 people).

Efforts to Improve the Work-Life Balance

Reduction of Overtime Work

Expansion of the Flextime System

- Haga Technical Center
- Head office (from August 2020)
- Some parts of the Kuki region (from October 2021)
- Some parts of the Kameyama region (from October 2021)

Overtime Hours: Targeting Less than 20 Hours/Month

Fiscal year	2019	2020	2021
Average overtime hours/month	11H	5.9H	6.3H

Encouraging Employees to Take Their Annual Paid Leave

We have set our target for days of annual paid leave carried over to "zero." We have reached this target for general employees for 23 consecutive years. To encourage employees to take such leave, we allow leave to be taken in half-day increments up 20 times a year within the scope of the system. This arrangement gives employees the flexibility to take leave in accordance with their personal circumstances, such as the need to provide childcare or nursing care.

Aiming to reduce remaining days of annual paid leave to zero — **Achieved for 23 consecutive years**

Supporting a Balance of Work with the Provision of Childcare or Nursing Care

We promote the following initiatives to foster a cooperative work environment where supervisors and subordinates understand each other regarding childcare and nursing care.

1. On our internal portal site, we provide the "Guidebook on Supporting a Balance between Work and Childcare/Nursing Care."
2. We brief managers on the revised Child Care and Family Care Leave Act.
3. We post informational materials to encourage men to take childcare leave.

Promoting a Return to Work after Taking Childcare Leave

Fiscal year	2017	2018	2019	2020	2021
Men	1	1	3	1	4
Women	6	6	3	6	1
Total	7	7	6	7	5
Returning to work	6	6	6	7	5 (forecast)

The rate of childcare leave taken was 100% (percentage of women who became pregnant who took childcare leave).
The return-to-work rate (percentage of men and women who returned to work after taking childcare leave) was 93.7%.

・Employees can opt for shorter working hours for childcare until children reach the end of the third grade of elementary school, which exceeds the legal requirement. (Currently, 13 employees take advantage of this system.)
・Nursing care leave is available up to three times for a maximum of one year per family member, exceeding the legal limit.

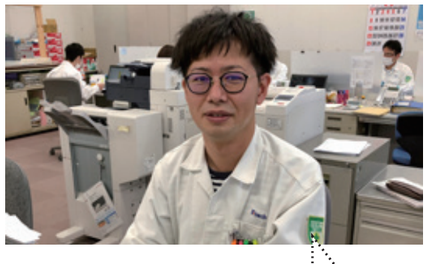
Briefing session on the revised Child Care and Family Care Leave Act

Since 2015, we have been developing a General Employer Action Plan based on the Ministry of Health, Labour and Welfare's Act on Advancement of Measures to Support Raising Next-Generation Children. From April 2018 to March 2021, we held explanatory meetings for managers on the childcare support system and adopted a system of interviewing employees before they take childcare leave and before they return to work afterward. As a result, we receive Kurumin certification for the second time in August 2021.

Kurumin certification ceremony

VOICE

Initiatives for Flexible Work Styles



An environment that makes it easy for men to take childcare leave is in place.

Yuya Okada
Finance & Accounting Department,
Management Planning Division

I belong to the Finance & Accounting Department of the Management Planning Division and am mainly in charge of overall financial operations, journal processing and closing of accounts for transactions with overseas subsidiaries. I have now taken childcare leave for a little over a month from September to October 2021 due to the birth of my second child, my first son.

In my family, my eldest daughter went to kindergarten by car transportation, but my wife cannot drive after giving birth and cannot ask her parents to pick her up, so I took childcare leave and am responsible for housework and childcare, including transportation.

Before taking childcare leave, I had a vague idea of what a man could do on childcare leave, but when I actually took childcare leave, I had the opportunity to learn about the difficulties of daily housework and childcare, such as shopping, cleaning, and laundry, as well as taking care of my oldest son and daughter. I had a very meaningful time during my one month there. Because of the Corona Disaster, I kept my outings to a minimum, but I was also very grateful for the opportunity to provide mental care for my first daughter due to the birth of my first son.

The Finance & Accounting department, to which I belong, settles accounts four times a year, and during the settlement period, all members of the department work together to put the accounts together. The month of October when I took childcare leave coincided with the month of closing of accounts, and I felt that the fact that I was able to take childcare leave despite the busy season was due not only to the cooperation of my colleagues but also to the culture in the workplace that allows even men to take childcare leave.

Through this experience of childcare leave, I learned the importance of cooperation not only by mothers but also by fathers in this major life event of adding a family member to the family. If any men are thinking about taking childcare leave, I hope they will take it proactively.

Realizing that understanding of child-rearing is spreading throughout the entire workplace

Kenji Kadoi
Prototype Manufacturing Section, Prototype Department,
Research & Development Division

I work in the Prototype Manufacturing Section at Haga Technical Center in Tochigi and am mainly in charge of prototype production of pedals and other control components.

With the spread of the coronavirus, it was thought that vaccination would not be available for some time, so I took childcare leave for about two months from September to October 2021, including from the perspective of preventing infection.

During the childcare leave period, our couple took turns taking care of housework and childcare. For the first month, I was constantly sleep deprived due to nighttime crying, anxiety about whether the baby was breathing even when he was quiet, and giving him milk every three hours, day and night. In the latter half of the leave,

I became accustomed to this rhythm, and the uneasy parts were resolved, and I could afford to take walks with my child and do light muscle training during the day to maintain my physical strength. I was able to experience the gender equality in the true sense that words alone do not tell the story.

At the Technical Center, there had been no precedent for male employees to take childcare leave, but I was able to take the leave thanks to the understanding of my supervisors, senior employees, and colleagues at work. Before taking childcare leave, I talked to various senior employees about childcare, and some said that it was no place for men, but when I actually experienced it, it was very meaningful. On the other hand, perhaps it is precisely because we live in this day and age that men can also experience this.

Since my return from childcare leave, I have heard that more and more men are taking childcare leave at the Technical Center. If you are thinking of taking childcare leave, I hope you will take advantage of this system so that you can lead a fulfilling life, working hard and raising your children as well.

Occupational Health and Safety Initiatives

Aiming to Improve Safety Levels throughout the Group

F-tech and FEG* have set a company-wide safety policy for FY 2021 as follows: "We aim to improve the safety level at all of our sites by globally standardizing and sharing safety and health rules. and continue to implement occupational health and safety activities throughout the Group.

At the company-wide Safety Committee, organized by F-tech and FEG committee members, there was a lively exchange of views on the items pointed out by the committee, including improvements at each site, confirmation of the status of countermeasures, and responses to revisions in safety and health related laws and regulations. As in the past, the committee also set "Establishment of unified safety evaluation and rules (routine/non-routine work)". In addition to activities aimed at "Zero accident with lost workdays" and "Prevention of accident without lost workdays," we are also working to eliminate commuting accidents and traffic accidents.
In FY 2022, as in FY 2021, we will continue our activities to improve the level of safety under the company-wide safety policy.

*FUKUDA ENGINEERING CO.,LTD., a wholly owned subsidiary of F-Tech

Response to Revision and Enactment of Laws and Regulations Related to Safety and Health

Because "welding fumes" generated in metal arc welding may cause health hazards to workers, the Order for Enforcement of Industrial Safety and Health Act, the Ordinance on Prevention of Hazards due to Specified Chemical Substances (the "Special Chemical Ordinance"), etc. have been revised and enacted, obligating businesses to take measures to prevent health hazards. These revised ministerial ordinances and notifications are sequentially enforced from April 1, 2021*.

*The increase in ventilation air volume, the selection and use of protective equipment, and the appointment of a person in charge of specified chemical substance operations, etc. will take effect sequentially from April 1, 2022 and the implementation of the fit test will come into effect on April 1, 2023, respectively.

We are taking measures to prevent health hazards at our domestic sites, such as measurement of welding fume concentration in the workplace, fit testing of masks, appointment of chief operators of specified chemical substances, implementation of special health checkups, safety and health education, off-limits measures for unrelated personnel, installation of cleaning equipment, and provision of effective protective equipment, as mandated by the revision and enactment of laws and regulations.

Fostering a Culture of Safety

An important part of creating and maintaining workplace safety and health is to follow basic rules such as work procedures, wearing appropriate protective equipment, and the 5S's in the workplace.

These rules are created and continually improved upon based on past problems and a strong determination to "never let the same thing happen again.

We will accumulate these rules as "no-no's" and use them as educational materials, etc. in the future, and pass them on to our employees in an effort to establish an awareness and attitude of compliance with the rules and to foster a culture of safety.

Company-wide Safety Committee Discussion Materials

Efforts to Improve Quality

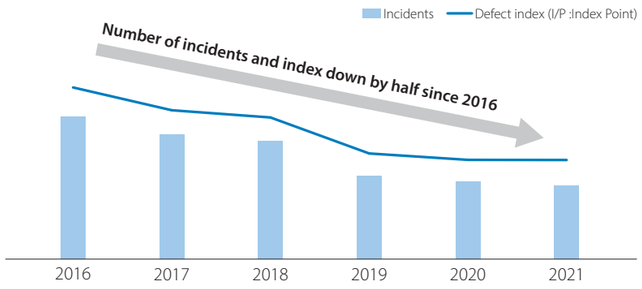
We aim to maximize customer satisfaction through quality improvement.

Maintaining Good Quality Performance

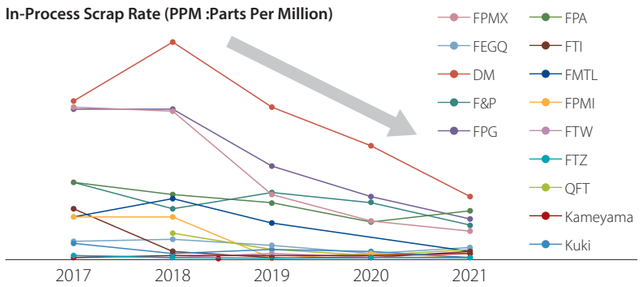
FY 2021 was the second year of our 14th mid-term management plan. As we head into FY 2022, the final year of this plan, we have stepped up our efforts to improve quality. During the past two years, we have been affected by a host of changes in the business environment, including repeated production and personnel adjustments due to the outbreak of COVID-19 in individual regions. Nevertheless, we have been working to improve quality, and we have seen improvements in customer registered defects (number of defects/defect index : Index Point), the in-process scrap rate (PPM : Parts Per Million), and scrap material cost. The Group's overall quality performance continues to improve.

However, the operating environment in North America was more volatile than in other regions. In many cases, we struggled to cope with daily shifts in production and personnel levels, so improvement efforts stagnated. As the outlook remains uncertain, we will continue supporting improvement efforts via Japan. We will also enhance management of local day-to-day production and personnel fluctuations. As a result, we aim to reach our goals for the final year of the mid-term business plan.

Defects Registered by Customers, by Year



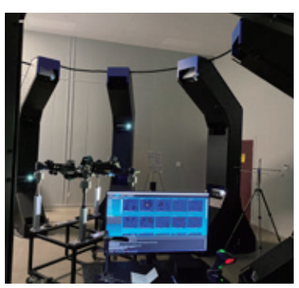
In-Process Scrap Rate (PPM :Parts Per Million)



Quality Improvement Initiative: "Back to Basics, Challenge for New"

Our quality improvement efforts focus on areas of weakness, in which we analyze the causes of past quality defects. The main issues facing the Group as a whole are an inadequate ability to handle abnormal products (change point management) and products that remained undetected in the inspection process (missed inspections). This situation is due in part to recent instability of personnel in individual regions.

Against this backdrop, we are going "Back to Basics" by reorganizing decision topics and rules for handling abnormal products and change point management. The "Challenge for New" initiative involves introducing automated quality evaluation systems in each region that incorporate the expertise of veteran inspectors. As such, our problem-solving approach involves taking on new challenge while also remaining focused on returning to the basics.



Numerous Quality Awards Received

Last fiscal year, we received numerous quality-related awards from major customers and new customers in each region. We earned awards for our recent quality improvement activities, as well as for the stable launch of new models and products.

<< Awards >>
- GM "Supplier of the Year Award"
- TOYOTA "Excellent Quality Award"
- Nissan "Nissan Global Supplier Award"

We continue to promote initiatives based on the F-tech Group's quality policy, to "Maximize customer satisfaction by delivering the highest value (quality)."

Relationship with Shareholders & Investors

We are committed to achieving more transparent operations and a sustainable growth by ensuring timely and appropriate disclosure of information.

Appropriate Information Disclosure

(F-tech Corporate Governance Guidelines, Article14)

In its aim to build a relationship of mutual trust with all stakeholders, including shareholders, the Company ensures management transparency by disclosing fairly and in a reader-friendly manner information, including legal disclosures, management policies, financial status, and business initiatives, as well as procedures and reasons in the appointment of the senior management and nomination of, directors, and Audit & Supervisory Board Member candidates.

Constructive Dialogue with Shareholders

(F-tech Corporate Governance Guidelines, Article 34, Paragraph 1)

Based on the recognition that constructive dialogue with shareholders is essential to enhance sustainable corporate growth and increased corporate value over the Mid-Term corporate value, F-tech uses every e ort to engage in such mutual dialogue.

Policy Related to Constructive Dialogue with Shareholders

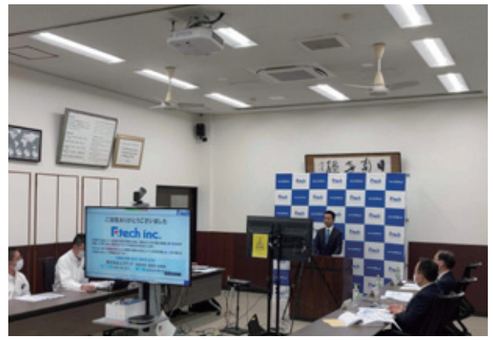
Based on the recognition that meaningful dialogue with shareholders is essential to enhance sustainable growth and Mid-Term corporate value, F-tech approaches these dialogues based on the following policies.

1. To the extent reasonable, dialogues with shareholders are conducted by the President and CEO, the director responsible for IR oversight, other management, or managers from the division responsible for IR.
2. The division responsible for IR shall collaborate with and engage in meaningful dialogue with the internal related divisions.
3. We shall explain to our shareholders in an understandable manner, the strategies, investments, and Key performance indicator (KPI) related to the Mid-Term Business Plan, and endeavor to disclose information for shareholders to determine Mid-Term corporate value.
4. Division responsible for IR plans to conduct multiple IR activities such as individual interviews, including financial results briefings and facility tours and attending IR fairs
5. The executive officer responsible for IR conscientiously conveys the Company policies to shareholders through dialogue and shares any opinions he or she receives from shareholders with directors and others.
6. In order for thoroughly fair information disclosure, the executive officer responsible for IR strictly secures important non-public information in accordance with company rules.

Communication with Shareholders & Investors

Based on the disclosure standards of the Tokyo Stock Exchange, we disclose information to shareholders, supplier, investors and the regional community in a timely manner while confirming with the Tokyo Stock Exchange and the general counsel. In order for our investors to understand our company, we provide various opportunities for communication including an annual general meeting of shareholders, financial results briefings, 1-on-1 meetings and telephone conferences. In addition, we have prepared English-language materials for overseas investors, and we are also working to disclose English translations.

The 66th Annual General Meeting of Shareholders in June 2021



Online Streaming

"Fiscal Year Ending March, 2021 Financial Results" in May 2021 and "Fiscal Year Ending March, 2022 2nd Quarter Financial Results" in November 2021 were streamed online.

Food Drive Event (Cooperate with Saitama Resona Bank, Limited)

We joint hosted "Food Drive" with Saitama Resona Bank in November 2021. A food drive is a form of charity that is conducted by a group of individuals or a corporation to stockpile and distribute foodstuffs that leave over at home to people who cannot afford food. More than 560 food items were collected in 2 weeks through in-company donation. The items were donated to 7 facilities in Kuki and Kazo city and supported many people.

Cleanup Activities

Kuki Area

Cleanup at Bizenhorigawa River

11th Novenber, 2021
14th March, 2022
Total Participants: 118 people

Kameyama Area

The Adopt Program*:Cleanup Green Place in Meihan Industrial Park

12th June 2021,
13th November 2021,
Total Participants: 108 people

*Adopt Program
An adopt program is an initiative that aims to achieve clean, trash and weed-free communal areas through volunteer cleanup activities, based on the 'adoption' of nearby parks and green tracts of land by people of local communities. Kameyama city introduced this system in April 2007. Kameyama plant is the first participant in the city.

Haga Area

Cleanup Efforts in Haga Industrial Park

28th May, 2021
20th July, 2021
21st October, 2021
Total Participants: 69 people

F-TECH CSR REPORT 2022

Environment

F-tech Group supports the achievement of carbon neutrality by 2050 and is working to reduce its environmental impact by identifying "Reduction of CO_2 emissions" ,"Environmental conservation of air, water and soil", "Saving natural resources, and the reduction on water consumption and waste reduction," "Chemical substances management", "Development of environmentally friendly products" and "Biodiversity conservation" as important environmental issues.

Realization of a decarbonized society

We will challenge to achieve net-zero CO_2 emissions in our entire business and contribute to the "mobility society of the future" through our products.

New Challenges for a Decarbonized Society

While the world's full-scale efforts to address global warming issues are attracting attention, Japan declared its policy of "aiming for a decarbonized society ,carbon neutral by 2050" in October 2020. Automobile manufacturers have also announced their intention to shift to electric vehicles (EVs) and fuel cell vehicles (FCVs) and to achieve carbon neutrality.

We also considers the reduction of greenhouse gas emissions that cause global warming to be an urgent and important issue, and has decided to work toward the goal of "achieving carbon neutrality by 2050" in order to aggressively promote efforts to achieve carbon neutrality.

Product Response

Our products are important safety parts that functionally control the basic performance of a vehicle. Currently, reduction of environmental impact is required throughout the entire vehicle lifecycle, from procurement of raw materials to use, disposal, and recycling.

To this end, we have been actively working to reduce the weight of our products while maintaining safety and functionality in the trend toward EVs and FCVs, thereby contributing to improved fuel efficiency.

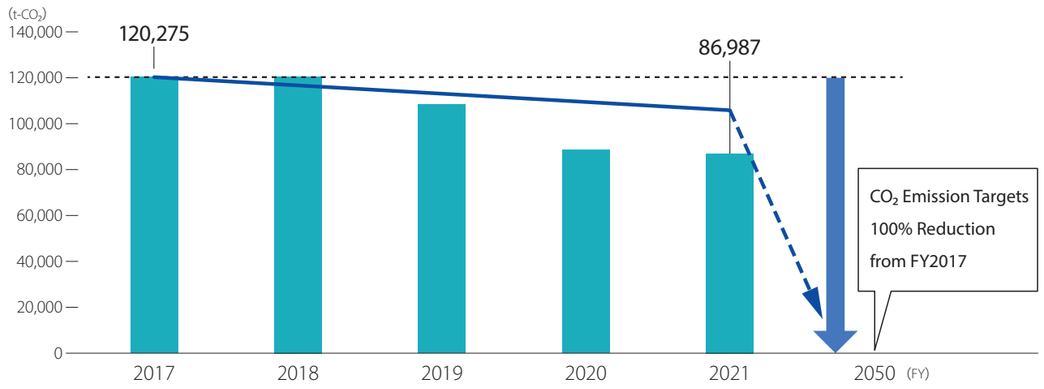
In this way, we are committed to constant evaluation and improvement to ensure that the environmental impact of our business activities is minimized not only from the perspective of product manufacturing, but also throughout the entire life cycle.

Initiatives for CDP

We have been actively addressing environmental issues by developing our environmental management system on a global basis. We have shifted our environmental communication, which was previously conducted individually with each automaker, to an evaluation system through a third-party organization (CDP*) since FY2017, and received a "B−" rating in the CDP survey in FY2021. We will continue to make maximum use of external evaluations by CDP to further strengthen our own environmental initiatives.

*CDP: Abbreviation for Carbon Disclosure Project. It is a non-governmental organization established in the United Kingdom that collects, evaluates, and discloses information on the status of environmental initiatives of countries, companies, cities, etc. around the world.

CO_2 emissions in our manufacturing area (Scope 1&2)



CDP Evaluation

CDP DISCLOSER 2021

FY2021 Evaluation	Climate Change	Water Security
F-TECH CO. LTD.	B−	B−

Disclosure based on TCFD recommendations

We see the various changes associated with climate change as an important opportunity, and have improved our corporate value by proactively addressing this challenge.
In order to inform investors and stakeholders of these efforts, we are promoting disclosure in line with TCFD recommendations.

TCFD Governance

Supervisory Functions by management

The Board of Directors deliberates and makes decisions on important management matters, including carbon neutrality, which have a significant impact on climate change, as well as other legally mandated matters, and supervises the execution status of operations by directors and executive officers.

Company-wide CSR Committee

The Company-wide CSR Committee has been established to promote the Company's efforts to address CSR issues on a global basis, including environmental issues. The committee is composed mainly of executives in charge of each area of expertise. The committee monitors the status of autonomous efforts to address CSR issues in each area of expertise, deliberates on ways to make further improvements, and shares the results of its deliberations on a global basis.

Environmental Management System

The F-tech Group's environmental management system has been established in which the president of each overseas site is responsible for environmental issues including climate change, and the environmental manager and other staff in charge of environmental management are appointed under him or her.

The F-tech Group's environmental management system is in place. (See diagram below).

Compliance with Environmental Laws and Regulations

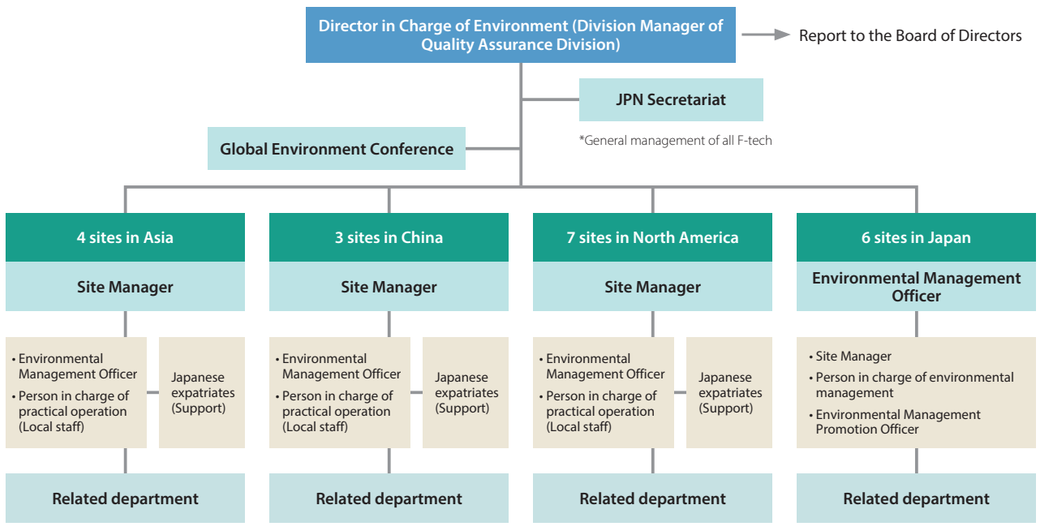
Based on our environmental philosophy, our group utilizes the ISO 14001 environmental management system and strives to comply with the regulations of each country and region, as well as the requirements of stakeholders. There have been no serious violations of environmental laws and regulations and no payment of fines or other penalties, as well as occurrence of serious accidents.

Internal Environmental Audits

The Group has been implementing a global environmental management system based on the Japanese environmental management system and energy management system.

In order to ensure that these management systems in Japan are compatible with global systems and standards at each overseas site, internal environmental audits are conducted on a regular basis. To ensure the effectiveness of these audits, we are working to maintain, improve auditors' quality and to ensure fairness of audits.

F-tech Group's Environmental Management System



TCFD Risk Control

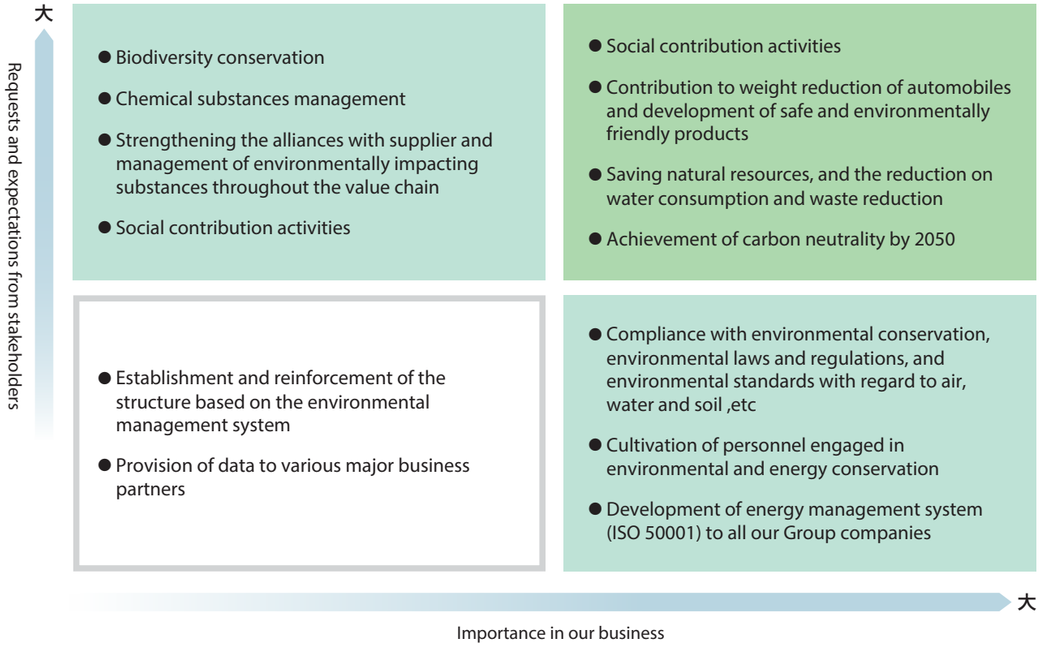
Process for Identifying Important Issues

We identify issues by considering the risks to our business posed by climate change and the demands and expectations of our customers and other stakeholders. The issues identified are organized into "Materiality map" and reflected in our mid- and long-term business plan.

Process for Identifying Important Issues

Organize and identify issues and requirements from stakeholders → **Identification of important issues for F-tech** → **Reflection in mid- and long-term business plan**

Materiality Map



TCFD Strategy

Basic approach to the environment, including climate change issues

As a manufacturer of functional parts for chassis system, we have established an integrated processing system from design and development to plastic forming, welding, painting, and assembly, all with consideration for safety and have developed our technology. Recently, in the automotive industry, production and sales of battery-powered vehicles such as hybrid car and Electric Vehicle (EV) are becoming mainstream. In order to continue to be selected by automakers as a manufacturer of functional parts for automobile undercarriages, we have to mass-produce lightweight products that contribute to fuel-efficient performance of automobiles in a safe and environmentally friendly manner.

On the other hand, automobiles are manufactured through many production processes by many companies and sold to general consumers. After being used for a certain period of time, they are disposed of, for which a large amount of environmental resources are used during this life cycle of automobiles.

We think it our obligation to be aware that our business activities are conducted within this lifecycle, and we have established our environmental philosophy and basic environmental policy with a strong awareness of our responsibility to contribute to the realization of a sustainable society by actively working to reduce environmental impact.

F-TECH Environment Philosophy , F-TECH Basic Policy

F-TECH Environment Philosophy

In order to become No.1 in the environmental area in the automotive industry,
we will make the most effort to establish a future with rich nature and low carbon by having each of us
observing our understanding of global environmental issues and proactively engaging in the continuous
preservation of the environment in all areas of our corporate activities.

F-TECH Basic Policy

1. In order to form a sustainable society, we will work on reduction of environmental burden and conservation of biodiversity in all business activities related to the manufacture of undercarriage automobile parts.
   - Work to reduce environmental burden throughout the product's life cycle.
   - In the development area, we will reduce CO_2 emissions by reducing the weight of our products.
   - Conserve resources and save energy in all our business activities.
   - Continue zero emissions of waste in all our business activities.
   - Work on social contribution activities leading to conservation of biodiversity.
2. Comply with laws concerning environment and energy and other requirements to agree to
3. Strive to continuously improve the environment and energy management system and prevent pollution.
4. Establish environmental and energy targets and review them on a regular basis.
5. Ensure that you can use information and necessary resources to achieve environmental and energy targets.
6. Strive to train people with high awareness of the environment through energy saving activities and environmental preservation activities.
7. Strive to introduce energy-efficient products, equipment and to make the best use of energy-saving services.
8. Disclose environmental information on business activities appropriate

Enhancement of environmental management system

In order to minimize the environmental impact of the business activities, our Group is working on obtaining ISO 14001 certification, an international environmental standard. In 1998, we began efforts to acquire ISO 14001 certification at our domestic sites, and as of now, all our R&D and production sites have been certified. The most recently, we completed to register the certification in May 2017for Mexican site established in 2012.

The remaining sites (FEGQ/FTI) are in the process of acquiring certification reflected in mid-to and long-term plan. In addition, after we began global expansion of our environmental activities in 2008. We obtained ISO 50001 certification (the international energy standard,) in 2013. Since 2015 we have established "Global F-tech Energy Management System" as a common system to all Group companies and have been working to expand ISO 50001 certification to our overseas sites.

TCFD Metrics and Targets

Long-term Target

As part of our efforts to realize a sustainable society, F-tech is working to reduce its environmental impact by focusing on the following important environmental issues: "Reduction of CO_2 emissions"; "Environmental conservation of air, water and soil", "Resource saving and reduction of water consumption and waste"; "Management of chemical substances"; "Development of environmentally-friendly products"; and "Biodiversity Conservation". In 2017, we established quantitative targets for the reduction on CO_2 emissions, water consumption and waste as part of our "2030 Global Environmental Targets".

Our 2050 Global Environmental Target (New target)

The achievement of Carbon neutrality by 2050

- **Reduce the total CO_2 emissions by 100% in 2050**
  Base year: Comparison with FY 2017

Our 2030 Global Environmental Targets
(*Items to be reviewed in FY2022)

- **Reduce CO_2 emission intensity by 18%**
  Base year: Comparison with FY 2017 Index: Sales
- **Reduce water consumption intensity by 14%**
  Base year: Comparison with FY 2017 Index: Sales
- **Reduce waste intensity by 13%**
  Base year: Comparison with FY 2017 Index: Sales

*CO_2 emissions refer to energy used in the plant excluding CO_2 gas emission from distribution, company vehicle and welding
*In order to make greenhouse effect gas emission and water use more consistent, sales include inter-group transactions

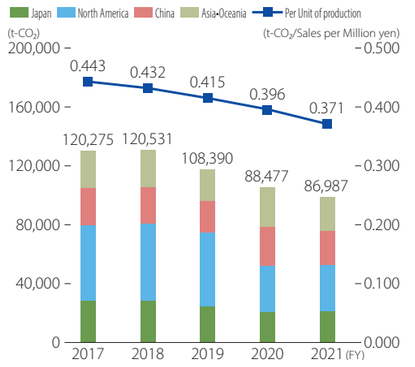
Global Environmental Targets for 2030 Promotion Results

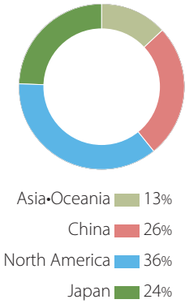
CO_2 Emissions Results

Target〈Reduce CO_2 emissions per unit of production by 5.6% compared to FY2017〉→Results The target was achieved with a 〈 16.3% reduction. 〉

Production decreased at many bases due to production adjustments caused by the Corona disaster and semiconductor shortages.

In terms of CO_2 emissions, they decreased by 1.7% (1,490 t-CO_2) from the previous fiscal year. In terms of CO_2 emissions by region in FY2021, the China base was affected by a temporary shutdown, and CO_2 emissions decreased by 13.5% year-on-year, but emissions in all regions except for the China base have turned to increase. Overall sales increased by approximately 5%, and compared to FY2020, there are signs of recovery in production. Energy usage efficiency is improving mainly at the China and North America sites due to the effect of progress in CO_2 emission reduction measures at each site.

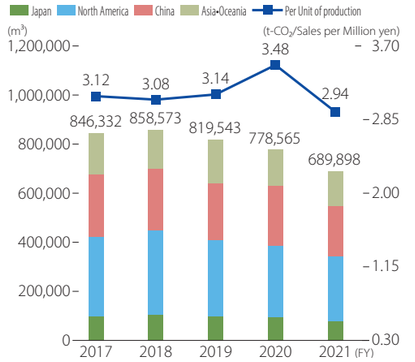


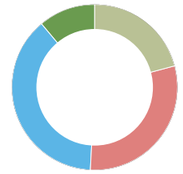


Water Resource Usage Results

Target〈4.4% reduction in water consumption per unit of production compared to FY2017〉→Results The target was achieved with a 〈 5.6% reduction. 〉

Water consumption decreased by 11.4% (88,667 m^3) compared to the previous fiscal year that means the reduction of water consumption by more than 2 times. The majority of the Group's water consumption is used for product cleaning, surface treatment, electrodeposition coating, and steam in the painting process, and many locations are highly dependent on water to maintain water quality in the painting process and to prevent adverse effects on quality. Due to the deterioration of FY2020 results, we have implemented a priority management program to reduce water consumption in our group in FY2021. Comparisons were made with sites that have made progress in reducing water consumption, and effective measures were shared.



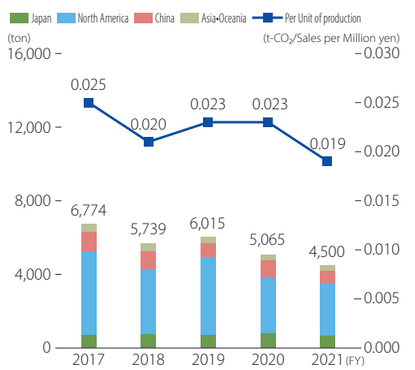


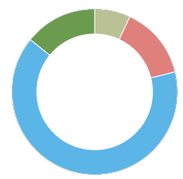
Waste Emissions Results

Target〈4% reduction in waste emissions per unit of production compared to FY2017〉→Results The target was achieved with a 〈 22.6% reduction. 〉

Waste emissions decreased by 11.2% (565 tons) compared to the previous year. By region, the China, Asia, Oceania, and Japan sites in particular saw waste emissions decrease by approximately 20% or more compared to the previous year.

The reduction in emissions was due to the implementation of efficient drying of sludge from wastewater treatment using waste heat from compressors at the China site and the treatment of nonferrous metal waste as valuable resources at the Japan site by sorting waste that had previously been disposed of as waste. We will continue to work together as a group to share effective measures and reduce waste emissions.





Index and Target

The 14th Mid-Term Business Plan

FY2021 is the second year of the 14th Mid-Term Business Plan, and in FY2020 we were greatly affected by COVID-19 and revised part of our mid- to long-term plan.

In FY2021, we were severely affected by shutdowns at some of our sites due to COVID-19 and by a decrease in production volume, and production adjustments due to a shortage of semiconductors. But compared to FY2020, there was a recovery trend throughout the Group. As a result, we achieved our targets on the reduction of CO_2 emissions, water consumption and waste reduction per unit of production as environmental indicators.

As for the unit requirement for water consumption, which did not reach the target in the previous fiscal year, we conducted a survey on the status of water resource use, ascertained the status of water use and management levels in the painting process and compared the number of times of maintenance was performed at each site in FY2021. We found that there were differences in management methods among sites due to differences in the scale of facilities and other factors even within the Group. In addition, we conducted a survey on the status of water reuse at some sites, and will continue to examine ways to reduce water consumption, taking into account the impact to the quality.

Regarding biodiversity initiatives, we endeavored to increase the number of participants, however, due to COVID-19, some locations were unable to implement social contribution activities as they used to do.

At the World Environment Conference held by region in FY2021, many of the devised ways of activities during the period of COVID-19 were reported.

Outcome of the second year of the 14th Mid-Term Environmental Plan (2020-2022) (Main plan) *

Target: F-Tech Group (6 domestic sites, 14 overseas sites)

Areas	Enhancement details		Period		
			FY2020	FY2021	FY2022
Production	Reduction of greenhouse effect gas emission intensity	Plan	[Improved by 4.2%(Compared to 2017)]	[Improved by 5.6%(Compared to 2017)]	[Improved by 7.0%(Compared to 2017)]
		Achievement	Improved by 10.6%	Improved by 16.3%	
		Evaluation	○	○	
	Reduction of water consumption intensity	Plan	[Improved by 3.3%(Compared to 2017)]	[Improved by 4.4%(Compared to 2017)]	[Improved by 5.5%(Compared to 2017)]
		Achievement	Decrease by 11.5%	Increase 5.6%	
		Evaluation	×	○	
	Reduction of waste intensity	Plan	[Increase by 3%(Compared to 2017)]	[Increased by 4%(Compared to 2017)]	[Increased by 5%(Compared to 2017)]
		Achievement	Increased by 8.0%	Increased by 22.6%	
		Evaluation	○	○	
Management/ Corporate activities	Expansion ISO50001 in the Group	Plan	[Organize facility management ledger/Proposal of energy saving based on ledger]		
		Achievement	Organize Ledger	Maintain Ledger	
		Evaluation	○	○	
	Establishment and Operation of the Global environment management system	Plan	[Launch]	[Establishment completed]	[Start the operation]
		Achievement	Manual maintenance completed	System establishment achievement	
		Evaluation	○	○	
	Reinforce of biodiversity initiatives	Plan	New Guideline in effect	Increase the number of Participants (more than 20%))	Increase the number of participants (more than 25%)
		Achievement	Expansion of guideline	Increase the number of participants (more than 20%)Delayed	
		Evaluation	○	×	

○:Target achieved ×:Target not achieved

*The targets of "Development and Engineering" are not public from the perspective of confidentiality

Index and Target

FY2021 Environment and Energy Plan (Domestic)

In FY2021, we were able to achieve our targets for many management items. However, we were unable to achieve our CO_2 emissions target per unit of product .
The main reasons for this were…

・The energy use efficiency was lowered due to a significant decrease in the number of products produced as a result of production adjustments due to the effects of the corona disaster and the shortage of semiconductors.

・The air conditioning efficiency dropped significantly due to the implementation of constant ventilation to prevent corona infection.

・The increase in energy demand due to the addition of testing facilities at the Kuki and Haga sites.

Until now, we have been evaluating efficiency based on energy use according to the number of units produced, but the same evaluation cannot be made for test facilities, and we are currently discussing appropriate evaluation methods.

Our group is working aggressively to realize our goals.

Results of the 2021 Environmental and Energy Plan*

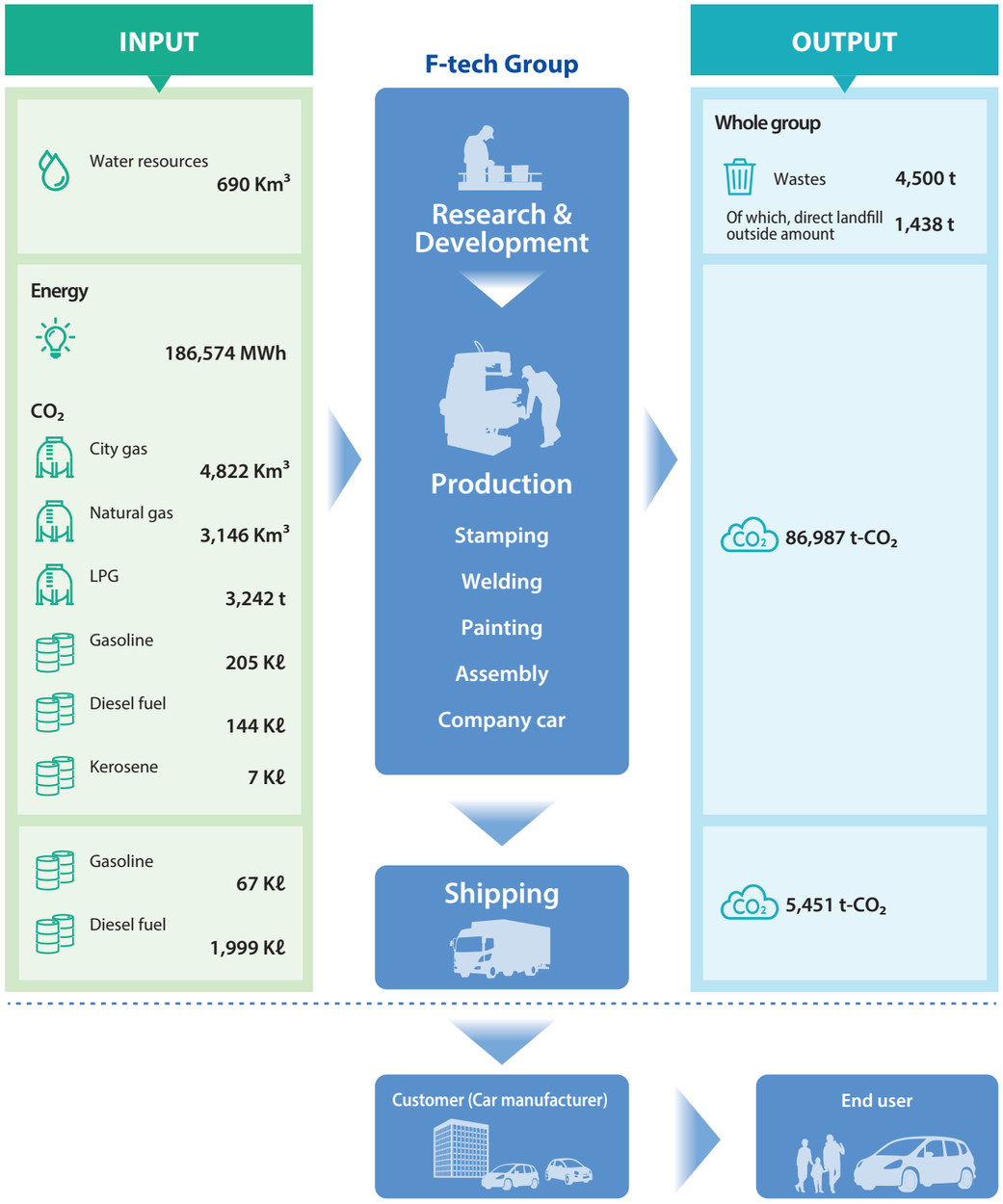
Subject: F-Tech's three domestic offices (Kuki, Kameyama and Haga)

Control items	Target	Control level	Result (Full year estimates)	Estimation
Reduction of CO_2 emissions	CO_2 emissions per production unit	All domestic sites (Kuki, Kameyama, Haga) 2% improvement from FY2019 = 98 point	112.4Point 12.4%deterioration	×
	Reduction of CO_2 emissions through measures	Reduction by measures(Kuki•Kameyama•Haga) **104.3t-CO_2or higher**	332t-CO_2	○
Energy management evolution	Overseas deployment of ISO50001	Maintenance of equipment ledger,Energy saving proposal	**Completion of equipment ledger maintenance**	○
	Establishment/operation of global environmental management system	Establishment of environment management system	Established system, System operation planed in 2022	○
Fulfillment of Social Responsibility	Contribution activities to Local Communities	Participation rate of 25% or more / **Regular employee at each site(Total):199**	Participate 355	○

○:Target achieved ×:Target not achieved

*For confidentiality reasons, we refrain from disclosing the target of "Development and Engineering."

Material flow(FY2021 Result)



- The CO_2 emissions of the OUTPUT are calculated by multiplying the energy consumption of the INPUT by the CO_2 conversion factor.
- The calculation method of CO_2 is based on the "Greenhouse Gas Emissions Calculation and Reporting Manual" of the Ministry of Economy, Trade and Industry and the Ministry of the Environment and the WRI/WBCSD "The Greenhouse Gas Protocol.
- Domestic electricity is calculated based on the latest coefficient for each electric power company.
- The data covers the period from April 2021 to March 2022.

FY2021 F-tech Environmental Accounting

F-tech has been preparing for environmental accounting since the publication of our Environmental Report before it became a CSR report.

We believe that accurately identifying, measuring, totaling, and analyzing the amount of investment in and cost of environmental conservation, and knowing the effects of that investment and cost, is important for further improvement of our initiatives and for fulfilling our accountability to stakeholders.

We are considering the possibility of including overseas group companies in our calculations to the extent possible.

Environmental Conservation Costs

Amount(thousand yen)

Classification		Main Initiatives	FY2019	FY2020	FY2021
Cost in business area	①Pollution Prevention Cost	Prevention of air and water pollution	15,291	14,781	19,486
	②Global Environmental Protection Costs	Capital investment for energy saving, management costs of CFC-containing equipment, and appropriate treatment costs	110,410	20,317	24,890
	③Resource Recycling Costs	Proper disposal costs of industrial waste	18,061	18,811	12,858
	Total		143,762	53,909	57,234
Management activity costs		ISO certification cost, CSR report cost, environmental measurement cost, etc.	9,003	6,536	7,268
R&D costs		Research and development to reduce environmental impact	1,090,000	856,000	731,000
Social activity costs		Participation in, donation to, and support of environmental conservation activities	2,151	1,920	1,795
Grand Total			1,244,917	918,365	797,297

Economic benefits associated with environmental protection measures

Amount(thousand yen)

Classification	Effects	FY2019	FY2020	FY2021
Benefits	Income from valuable resources	423,750	431,949	688,824
Cost saving	Cost savings from energy–saving activities	14,924	19,230	15,953
Grand Total		438,674	451,180	704,778

Environmental Conservation Effects

Classification	Environmental performance index	Unit	FY2019 Usage amount	FY2020 Usage amount	FY2021 Usage amount	FY2021 Reduction by measures
Environmental conservation effects related to resources used in business activities	Total energy consumption	GJ	254,067	231,264	225,165	8,997
	Electricity	GJ	194,906	176,067	172,142	8,870
	City gas	GJ	45,019	42,670	41,258	127
	LPG	GJ	14,082	12,497	11,696	0
	Diesel fuel	GJ	60	30	69	0
Environmental conservation effects related to environmental impact and waste emitted from business activities	Water resources	m^3	75,870	76,858	61,629	0
	CO_2 emissions	t-CO_2	12,349	11,233	9,590	342
	In-house carbon value	Thousand yen /t-CO_2	336	49	65	–
	Specific chemical emissions	t	0.9	0.9	1.7	0
	Amount of wastes and others emissions	t	414	444	404	0
Emissions of Environmentally Hazardous Substances from Transportation	CO_2 emissions	t-CO_2	2,208	1,680	1,567	173

*The calorific value of the GHG emissions calculation, reporting, and publication system based on the Law Concerning the Promotion of the Measures to Cope with Global Warming in Japan is used in the calculation.
*Our environmental accounting is calculated in accordance with the "Environmental Accounting Guidelines" of the Ministry of the Environment, and only shows activities in Japan.

Supply Chain Management

Purchasing Policy

The Purchasing Department will conduct fair, equitable, and highly transparent transactions in accordance with the Company's "Action Guidelines" and promote initiatives aimed at coexistence and co-prosperity with suppliers.

1. Realization of optimal cost structure
2. Procurement of attractive goods (products) based on QCD (Quality, Cost and Delivery)
3. Pursuit of logistics efficiency

Partnerships with Business Partners

We will strive for mutual understanding with our business partners as a good partner producing better products, and build a relationship of trust with the idea of coexistence and mutual prosperity by making full use of mutual wisdom and ingenuity from an equal standpoint.

Green Purchasing

The F-tech Group has established the "F-tech Green Purchasing Guidelines" as a basic concept for green purchasing, which prioritizes the purchase of environmentally friendly parts, materials and products. We request our suppliers to take the following actions.

- Establishment of Environmental Management System
- Compliance with Environment-Related Laws and Regulations
- Implementation of management of chemical substances contained in products
- Identification and reduction of greenhouse gas emissions

Purchasing Policy briefing

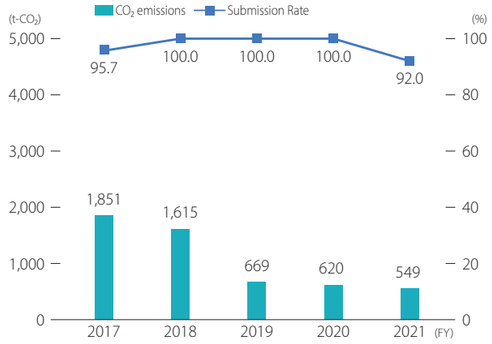
The purchasing policy briefing is held every year at a venue, but in consideration of preventing infection to visitors and our employees due to the corona virus, we will not hold it again this year and will only distribute information. In March 2021, we distributed purchasing policy briefing materials and examples of our environmental efforts to 80 business partners, and asked them to cooperate in our environmental efforts status survey.

Environmental Initiatives Status Survey

1. Environmentally Impacting Substance Survey
   1) Energy consumption
   2) Water consumption
2. Establishment and achievement status of CO_2 reduction targets
3. Status of biodiversity activities
4. Sharing of improvement measures for energy saving, water consuption, and waste discharge

Grasping the greenhouse gas emissions in the value chain

Environmental Conservation Effect



Examples of Environmental Improvement

1. Reduced the environmental load associated with movement by maximizing the use of web meetings. We refrained from moving within the prefecture as much as possible and utilized the Web.
2. Reduced our CO_2 emissions by improving packaging for export and increasing loading efficiency, resulting in a reduced number of containers increasing loading efficiency.

Management of Chemical Substances Contained in Products

The Group has established a management system at each site to comply with regulations on chemical substances contained in products, and conducts IMDS* surveys.

The substances that are hazardous to humans and the environment and whose use is prohibited or regulated by law are listed as "F-Tech Product Chemical Substance Management Standards" and the use of these substances is strictly prohibited.

We are also working to eliminate these substances through green purchasing activities with the understanding of our suppliers, and providing products that do not contain these substances to our customers.

*IMDS: International Material Data System (Material Data Base for Automotive Industry)

Responsible Mineral Procurement

There are international concerns that purchase of minerals produced in conflict area may lead to the financing of armed groups that commit acts of violence and promote the violations of human right such as child and forced labor.

Therefore, we will therefore investigate mineral procurement related to not only conflicts, but also human rights abuses, environmental destruction, and other illegal activities.

We are committed to purchasing products that do not contain minerals originating from conflict zones or high-risk areas.

We will continue to implement initiatives for "Responsible Mineral Procurement" using the internationally formatted CMRT*2 (latest version) published annually by RMI*1.

*1 RMI: Responsible Minerals Initiative (Conflict Minerals Free Initiative)
*2 CMRT: Conflict Minerals Reporting Template

TOPICS Regional Environmental Conferences in FY 2021

Since 2009, we have held the F-tech Group Global Environmental Conference, a gathering for major Group companies from around the world.

In FY 2021, we were unable to hold the conference in person due to COVID-19. Instead, we held regional environmental conferences online in North America, China, and other parts of Asia.

At these environmental conferences, we focused on exchanging opinions about region-specific initiatives and problems—an approach that differed from that of global environmental conferences. Instead, we spent the limited amount of time available in the active exchange of opinions within the region or between countries.

This year, we gathered 60 new environmental measures from 14 domestic and overseas sites. These efforts resulted in savings of approximately ¥81 million in FY 2020.

Throughout the Group, environmental measures undertaken to date have resulted in improvements of approximately ¥550 million in terms of reduced environmental impact and manufacturing costs. The two main topics communicated by the secretariat at these meetings are outlined below.

1 Revising Our Targets to Archieve Carbon Neutral by 2050

The F-tech Group's sense of awareness of environmental issues has changed substantially. At the behest of our stakeholders, we have made "achieving carbon neutrality by 2050" a key issue.

In 2021, F-tech's Board of Directors passed a resolution on "initiatives to achieve carbon neutrality by 2050." To reduce CO_2 emissions to virtually zero by 2050, we are rolling out plans at each of our bases to lower CO_2 emissions by 3% each year. These plans are in addition to efforts to date focused on managing CO_2 intensity. Specific measures are to be determined and involve launching a project that the Company's president will head.

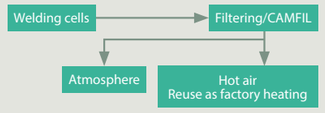
2 Enhancing Initiatives to Address Water Risk

Water risks such as drought, increased flooding, water pollution, and limited availability of water are emerging as a management issue that companies cannot ignore. Accordingly, the secretariat explained that the main theme of the world environmental conference will be a focused evaluation of measures to reduce water consumption. The Group's water use is closely tied to its production activities and product quality, so water use cannot be reduced easily. In 2021, we compared the use of water resources at our sites and shared the results of our research on the status of water use monitoring points and the use of reused water. To further reduce water consumption, first we need to made visible the amount of water we are currently using. As some locations were unable to determine the amount of water used in certain processes, we asked that they at least track water used throughout the painting process. Only three of our 13 production sites are reusing water. We will continue to study ways to reuse water effectively, taking into account its impact on quality, as water reuse is key to reducing the amount we use.

In FY 2021, we decided on excellence measures to serve as a model for sites in each domain.

Excellent energy conservation measures

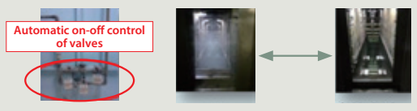
DYNA-MIG: Project to reduce natural gas use



By increasing CAMFIL filtration equipment, we filtered more hot exhaust from welding areas and reused it, thereby reducing the use of natural gas.

Excellent measures related to water resources

FMTL: Automatic on/off control of water used for 3rd flush/pure water spray flush



We reduced water consumption by automating the on/off control of water used in the paint rinsing process. We installed component sensors to regulate flows as production conditions required.

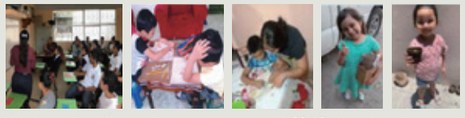
Excellent waste-related measures

FTW: Reducing waste by reusing waste heat to dry sludge

By using waste heat from compressors to improve sludge drying, we reduce sludge emissions by 35%.

Excellent CSR measures

FPMX: Increased environmental awareness by families



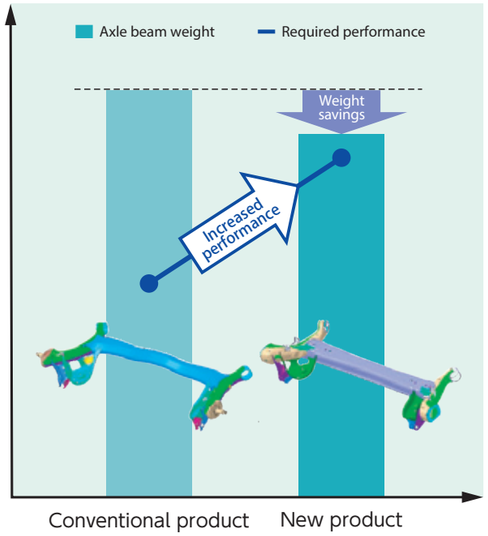
We devised social contribution activities amid COVID-19 and implemented environmentally friendly activities for families.

We embrace a motto of environmentally friendly development and design, and we relentlessly pursue optimal product design using proprietary technologies.

Contributing to the Environment by Making Products Ever More Lightweight

In recent years, the rate of change has accelerated throughout the automotive industry due to the shift toward electric vehicles (EVs), in order for us to reduce environmental impact and meet requirements to lower CO_2 emissions. One important way to reduce environmental impact is by making vehicles more weight-saved, as heavier vehicles typically have lower fuel economy, leading to higher CO_2 emissions. The recent shift to EVs has presented the problem of weight: EVs tend to be heavier than conventional gasoline-powered vehicles due to their heavy batteries. Each year, the call to reduce the weight of our products becomes more pronounced, as well, and we must continue to respond to these demands.

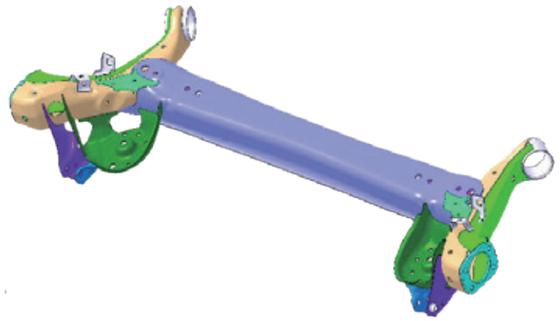
To address this situation, we will maximize the use of our independently developed simulation technology while evolving and developing our production technology capabilities. In addition to the goal of creating lightweight, high-strength, and high-rigidity products, we are developing products that take environmental issues into consideration.



Using Simulation Technology in Product Development (In the case of “Axle Beam”)

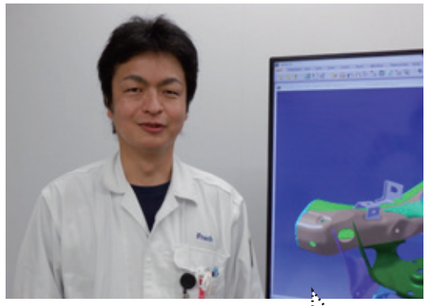
Recently, axle beam development has been subject to a number of factors. Vehicles have been growing heavier, as more functions are added and greater emphasis is placed on safety. As a result, the load on our products has been increasing.

Axle beams are closely linked to a vehicle’s driving performance. By making the most of our proprietary technology for simulating optimization, we have succeeded in developing a product that offers improved performance but at the same time offers a 9% weight reduction from conventional products. We have achieved this by identifying the areas that are important for control and finding an efficient product framework that eliminates waste. Setting up our aim of "environmentally friendly development and design," we will further reduce CO_2 emissions during parts fabrication. We will also lower environmental impact by utilizing various simulation technologies by making further improvements of CAE evaluation technology to the elimination of prototyping.



VOICE

Development That Contributes to Society and the Environment



The automotive industry is experiencing major changes. Against this backdrop, we continue to aim for optimal auto parts design that contributes to the environmental impact.

Tsukasa Shirataki
Design Section 1, Product Development Department, Research & Development Division

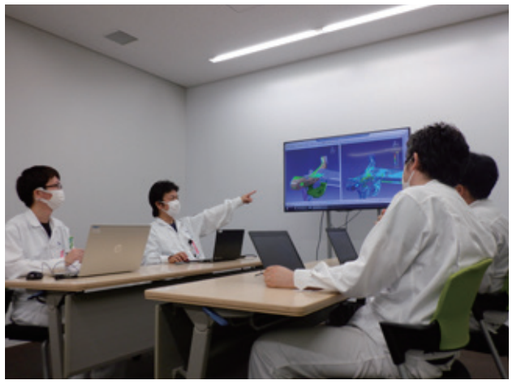
Tireless Efforts to Reduce Weight in the Shift to EVs

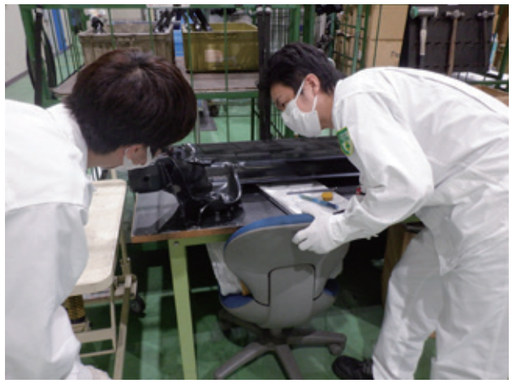
As a university engineering student, I wanted to be involved in development and design in the future. Although I did not clearly decide on working for the company manufacturing automotive parts at that time. However, I began my career by working in the automotive industry, a key industry in Japan. I feel fortunate to be involved in this industry and have been engaged in development and design at F-tech in this "once-in-a-century" period of great change within the industry. Since being assigned to Research and Development Division, I have spent more than a decade overseeing axle beam design. On a daily basis, I think about how to improve the safety stability and riding comfort to drive, which are responsible for “Drive” “Turn” and “Stop” of the automobiles. The shift toward EVs has highlighted to society the environmental impact of manufacturing and driving automobiles. As a result, we are being called on to reduce weight further and achieve more rigid configurations. Weight reduction, in particular, is essential for extending a vehicle’s cruising range. I believe that the ongoing pursuit of weight reduction is essential for us designers, given the demands of the times to lower CO_2 emissions and other environmental impacts.

Promoting Synergies and Growth through the Combination of F-tech’s Accumulated Technology-Based Knowledge and Experience

I am keenly aware of what it is like to embrace new discoveries and face major challenges in the process of product development and design. The parts we designed had not been made possible by dint of each employee’s experience, the connections among employees, and F-tech’s accumulated technical expertise and know-how. By building on this trove of knowledge with related divisions work together, harnessing their originality and ingenuity make it evolve to higher-value-added products. This feeling of reality makes my development and design work rewarding, and it drives me forward.

I am reinvigorated in my determination to continue evolving and growing with the Company, making the most of the knowledge, experience, and community I have cultivated at F-tech. At the same time, I will pursue better product design that helps to reduce environmental impact, upholding the spirit of challenge that pervades at F-tech.





Kuki Plant (Kuki City, Saitama)

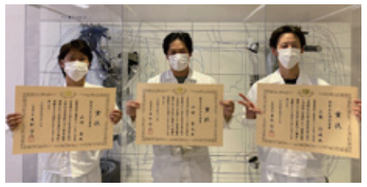
18th April, 2022 Praised Creativity Award by the Minister of Education, Culture, Sports, Science and Technology The Specifications Improving of Ultra-precision Forming for Automotive Components

FUT-1 forms automobile components of thickness 12mm precisely. While improving the mold, we focused on the cutter that cuts scraps in the sizing process.

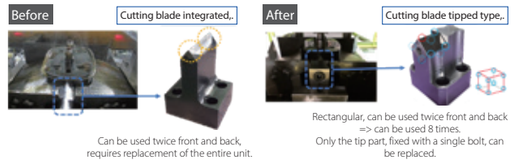
Due to problems with the durability, the frequency of replacement was high and its work required a lot of man-hours and costs. Therefore, the member changed the specification of the scrap cutter from the integrated type to the chip that they devised and designed. (figue1) We selected the best tip material from among many kinds, and succeeded after several attempts.

In comparison before and after improvement, the purchasing cost is ▲78%, the usable limit is 280% UP, the usable blade surface is 400% UP, and the replacement man-hours are ▲60%, the total cost reduction is ▲95%.

In addition, this work was praised Creativity Award 2022 by the Minister of Education, Culture, Sports, Science and Technology.



Comparison of Specification

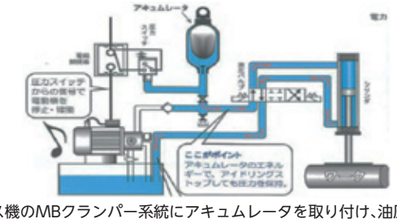


Kameyama Plant (Kameyama City. Mie)

Intermittent Operation of 350t Hydraulic Pump

The 350t press machine drives the hydraulic pressure of the leveler equipment and the clamp cylinder of the moving bolster with the pump on the leveler side. The leveler equipment is used at a low rate, but the moving bolster clamps are in constant operation. Therefore, the member installed a hydraulic holding device called an accumulator on the side of the moving bolster clamp, which is always in operation, so that the hydraulic pump can be operated intermittently. After that, the hydraulic pump, which used to run continuously for 8 hours, could be stopped for 7 hours due to intermittent operation. As a result, we were able to reduce 12,688kwh of electric power (4.8t-CO_2 converted to CO_2) annually.

It holds MB clamp pressure until the internal pressure of the accumulator device reaches the lower limit.



プレス機のMBクランパー系統にアキュムレータを取り付け、油圧ポンプを間欠運転することで8時間稼働→1時間稼働へ改善

Haga Technical Center (Haga Town, Haga-gun, Tochigi)

Environmentally Friendly & Energy Saving

At Haga Technical Center, each department work together to develop ecofriendly products and technologies.

In the design process, we aim to reduce the weight of the components while utilizing our proprietary optimization (analysis) tools that secure rigidity, strength, durability. Compared to the current global model RR_SUBFRAME, which weighs 14.25kg, the next proposed model achieved ▲1.31kg. This is expected to improve fuel efficiency and reduce CO_2 emissions.

Also in product evaluation process, we devised the equipment. Until now, the hydraulic shakers consumed about 5,000kwh of electric energy on average per month to keep running the motor to generate hydraulic pressure all the time. By changing to an electric shaker that consumes power only when it is in operation, monthly average power consumption has been reduced to approximately 518kwh, 1/10 of the conventional level.

The Electric Shaker

FUKUDA ENGINEERING CO., LTD. (FEG / Kazo City, Saitama)

The Risk Hands-on Training for All Employees

All employees participated in the training to archive zero industrial accidents in December, 2021.

This training is held at Daiwa Steel Tube Industries Co., Ltd. in Tochigi Prefecture and let them cultivate their danger awareness and form a safe workplace by the simulated experiences on accidents in factories. The contents includes the dangers that can occur in FEG, such as "Pinching Body in A Rotating Object", "Back Pain Caused by Carrying Heavy Objects" and "Catching Finger in A Sling" and make their safety mind to recognize.

From now on, it is going to be included to the new employee training, and plan all employees to take this course once every three years.

Kyushu F-tech Co., Ltd. (QFT/Yamaga City, Kumamoto)

Registered Kumamoto Prefecture SDGs

Kyushu F-tech applied for Kumamoto Prefecture SDGs registration system. The registration needs the application (Management policy for achieving SDGs, initiatives and indicators in the fields of ESG) and the questionnaires of initiatives to achieve the 50 SDGs, and includes the examination. On 1st September 2021, the registered companies were listed on Kumamoto Nichinichi Newspaper and invited to the simple ceremony to care COVID-19 with the prefectural governor on 29th October. As the result, they got the right to use the exclusive sticker and their corporate advertisements was put on the web site of the prefecture. It promotes their business opportunities with companies outside the prefecture. In Kyushu F-tech, all employees are cultivated their SDGs awareness with name tags written "My SDGs is-" means their own activities based on the 17 goals and 169 targets of the SDGs. We have also realized one of our assignments automatic pedal assembly that enables labor saving.

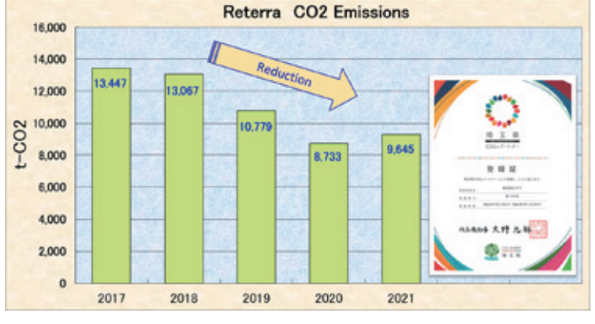
Retera Inc. (Chichibu, Saitama)

Environmental SDGs & Carbon Neutral

The business plan of Retera for this fiscal year sets "Internal Penetration of SDGs Activities" as the goal. The employee was has an in-house training and the domestic 3 factories strive for achievement each assignment.

Saitama Prefecture has set up the system to register companies and organizations as "Saitama Prefecture SDGs Partner" that promote the SDGs activity in cooperation with the prefecture to achieve "Saitama SDGs." we were recommended this registration by the prefecture since there are many similarities with RTY's environmental activities. Therefore, we set 3 aims (①[Environment] Reduction of CO_2 Emissions ②[Society] Promotion of the Foreign Technical Intern Training Program ③ [Economy] Compliance with the Act on Stabilization of Employment of Elderly People) and registered as a partner on 31st July, 2021.

The environmental activities in Retera have 12 points in common with the 17 interlinked global goals of SDGs. The points contain "Carbon Neutral" that is demanded by the customers. Through energy-saving project, we conduct energy-saving activities every year and strive to reduce CO_2 emissions.



F&P America Mfg., Inc. (FPA / Ohio, USA)

Awarding of Scholarship

In 2013, FPA founded the scholarship programs “F&P America Engineering Scholarship” and “F&P America Business Scholarship” for high school students in Troy, Ohio. This programs which goals are promoting of growth in regional commerce, manufacturing and human resource development are for high school students in Troy High School or Troy Christian High School. There are 4 conditions for entry, and the winners will be decided by the committee. Every year since 2013, 2-4 local students have earned the scholarships. This year, 2 students from Troy High School and 1 student from Troy Christian High School were awarded the scholarships.


Anna Boezi
(Troy HS)


Ryen Marsh
(Troy HS)


Lucas Day
(Troy Christian HS)

F&P Georgia, A division of F&P America Mfg.,Inc (FPG / Georgia, USA)

Control the Infection of COVID-19 & In-house PCR Tests

In the middle of 2020, when the United States is in the first pandemic of COVID-19, free PCR test were carried out by regional medical institutions, and many employees left their workplaces once for tests. Therefore, FPG set up for employees a PCR inspection area in the office to prevent infection. It is a system in which a sample is collected in-house, brought to it the laboratory, and the result is available 24 hours later. Even now, employees who are unwell or concerned about their infection can be tested immediately.

In the United States, vaccination rates have stagnated, and wearing masks and social distancing are not implemented compared with Japan. In such a situation, promoting the health maintenance of employees is extremely important for companies to continue their corporate activities. The vaccination can also be carried out in-house by collecting applicants.


The Scene of Vaccination

F TECH R&D NORTH AMERICA INC (FRDNA / Ohio, USA)

ISO17025:2017 Certification for Subframe & Control Arm Testing

In addition to ISO 9001:2015, as well as IATF 16949:2016 remote support certification, FRDNA has actively been working toward ISO 17025:2017 certification since FY 2020 that our test quality satisfies the industry standard. We were audited in August 2021 and received ISO 17025:2017 certification for cyclic durability and static testing using hydraulic actuators and multi-axis durability testing using MTS 329 to validate subframes and control arms.

As an officially recognized test lab, we are able to operate test

equipment as an outsourced testing service and the scope of our business opportunities has therefore expanded. We will continue to maintain this certification and extend the range of our business dealings with new OEMs in the future.

F&P Mfg., Inc. (F&P / Ontario, Canada)

Reduction of Maintenance Cost & Diesel Oil

F&P works on reducing the amount of sludge from the cleaner procession by media filtration system. The filter can remove particulate down to 5 micron. It reduces the frequency of tank cleaning by several weeks and is expected to save $15,000 annually.

Also, F&P increased the bin quantities of stamped products to reduce the number of truck shipments. During this period, 12 trucks to FPMX, 16 trucks to FPA, 20 trucks to DM and 24,862 liters of diesel were saved.

In addition, F&P continues to install more LED lighting to reduce energy consumption. Many environmental suggestions were made by employees, and the environmental department plans setting up a biodiversity committee.

DYNA-MIG, A Division of F&P Mfg., Inc. (DM /Ontario, Canada)

Additional Food Drive Activity

For more than 15 years, DM has supported the activities of the charity organization "STRATFORD House of Blessing". The organization has been rendering community service in Stratford, Ontario, where DM is located, and surrounding area for nearly 40 years. Among the many programs, DM participates in food driving*1 and fundraising activities.

However, the service demands has doubled from the previous year, as people who have lost their jobs and homes due to the impact of COVID-19 surged. At the peak of the epidemic, the organization appealed to the entire community for their more support and then the employees in Sales and New Model Group ran a fall food drive. 44 associates participated; some associates multiple times. The goal was to collect 250 pounds food. The goal was surpassed to a total of 974 pounds for donation. Throughout 2021, 8,967 people used the House of Blessing food bank.

STRATFORD
House of Blessing

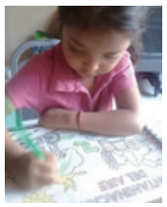
*1 One of activities that collects food items leave at home and donate them to food banks and charities.
*2 Activities and organizations that receive food donation that has no quality problems but cannot be sold due to damage to the package and distribute it.

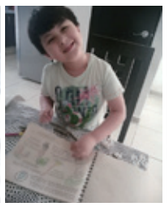
F&P MFG DE MEXICO S.A. DE CV (FPMX / Guanajuato, Mexico)

Increase Environmental Awareness by Families

In 2021, the restrictions of corporate activities and daily life have been added due to the pandemic of COVID-19. We were able to carry out the annual tree planting activities in the factory by 30 employee. In addition, we wondered if there was anything else we could do on the restriction, we planned an environment-themed coloring book for the employees' children aged 4 to 10. This event was aimed at understanding importance of saving natural resources and separating garbage to type, and participated in by 35 children. Also, we distributed home planting kits as an opportunity to learn how to grow plants.

The bottle cap campaign which started in August 2020 is appealed to employees and suppliers. In May 2021, 175kg of caps were collected and sent to the recycling facility. The reward will be used to support the treatment of children suffering from cancer, and the cap will be used as a raw material for new plastic products.





F.E.G. DE QUERETARO S.A. DE C.V (FEGQ / Queretaro, Mexico)

Reservoir Cleaning Activity

In March 2022, FEGQ cleaned up a reservoir in the Santa Catarina district for the first time as a part of its environmental conservation and community contribution activities. 9 employees participated in the activity and collected 80 kg of disposal wasted contains general garbage, plastic, and glass and made them to consider environmental load by human. 9 employees participated in the activity and collected 80 kg of general waste, plastic and glass-containing waste, which made them consider about the environmental load caused by humans. We had such an experience as the first time, and reaffirmed an importance of using natural resources appropriately and reducing the environmental impact. We plan to improve the system for more employees to participate in this activities.

F•TECH ZHONGSHAN INC.(FTZ /Guangdong, China)

Encourages Safety Initiatives

At FTZ, we encouraged safety initiatives and aiming to create a safe workplace with no accidents. The specific initiatives include: (1) Periodic patrol by the Safety and Health Committee once a month (2) Factory patrol by the division in charge once a month (3) Equipment inspection for safety and reliability (4) Prevention training & In-house safety education (5) Information provision of accidents in the group companies. Recently, we revised our in-house safety education and conducted a training for danger prediction based on Japan's efforts. We have created educational case studies based on actual accidents that have occurred in the past for employee to understand easier. The annual average accidents from 2017 to 2020 counts of 5.25 decreases to 1 as the lowest since our founding.



F. TECH WUHAN INC.(FTW / Hubei, China)

Standardization of Prevention of Epidemic & Praised B for Improvement of “Heavily Polluted Weather”

In China, the pandemic of the Omicron variant of COVID-19 has led to a lockdown in Shanghai, and many companies were made to suspend operations. In Wuhan City, free PCR test sites were set up, and all citizens were demanded to take it once every 48 hours. In such circumstances, FTW made a request to an inspection company while contacting the government's quarantine department, and set up a PCR test area in the office under the administrative instructions. We were able to provide convenient testing system, identify risks of infection on the working place, and promote the safety of employees.

Also in FY2021, the Hubei Provincial Department of Ecology and Environment conducted rating evaluation for leading companies as measures to improve "heavy polluted weather." The companies start from rank D and be upgraded up to each improvement content. If the rating is C or D, FTW will be required limit of operated vehicles and suspension of coating procession. The 6,523 companies in Hubei Province were examined by experts, and 3 were ranked A, 13 were B, and 1 was the performance-leading company. FTW was rated rank B. As a result, we have been able to continue production delivery without penalty measures.


F.tech R&D(Guangzhou) Inc. (FRDCH / Guangdong, China)

Reorganaization of the Safety & Health Risk Committee

In August 2021, FRDCH relocated the office along with organizational changes. We updated the Safety and Health Risk Committee organization to ensure workplace safety at the new location. The committee's activities include daily management, safety training, and participation in fire drills sponsored by office building management companies. In order to be able to deal with problems at the new site in the same way as before, we have developed the system that allows us to promptly report problems to relevant parties and take immediate measures.



F-TECH PHILIPPINES MFG., INC (FPMI/Laguna, Philippines)

Social Contribution (Blood Donation) × Welfare Support

In December 2021, blood donation activity, which had been suspended due to the influence of COVID-19, was held for the first time since the spread of the infection. The Safety and Health Committee set up a blood donation venue in the company's conference room on the theme of "New Normal Blood Donation Activity" and was able to collect 44 blood bags with the cooperation of the Medical Calamba Medical Center.

In FPMI, if an employee or their family needs a blood transfusion, 30% of the blood donated through the company will be provided free of charge. From January to June 2022, 19 bags of blood were transfused to 11 employees as a welfare program support project.


F.tech R & D Philippines Inc. (FRDP/Laguna, Philippines)

Infection Care Support for Employees & Fundraising for Typhoon Damage

COVID-19, which is raging all over the world, has infected to employees in FRDP and their families. In such a situation, DP delivered a "care pack" containing food items to 19 employees infected with the virus. As the world explores how to tackle infectious diseases, FRDP also considered about the necessary support for employees.

Employees also raised funds to support local communities. In December 2021, super typhoon Odette (Rai) hit the Visayas in the central of Philippines, causing devastating damage. Cebu City in particular suffered serious damage, including blackout for more than a month, transportation disruptions, and food and water shortages. FRDP raised 11,600 PHP to purchase mineral water to distribute to families affected by the typhoon.

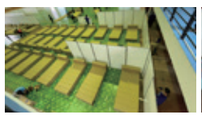


F-TECH MFG. (THAILAND) LTD (FMTL/Ayutthaya, Thailand)

Support of Manufacturing Cardboard Beds for Temporary Medical Facilities

Due to the epidemic of COVID-19, the number of positive patients in Thailand has increased rapidly, and the shortage of bed in hospital was occured. FMTL participated in the activity "Unity Fight Against Covid Project, Turning Paper into SCGP Field Beds" sponsored by a shopping mall and a material company in Ayutthaya to collect and donate used paper. The collected used paper will be transformed into cardboard beds and provided to the nation-wide temporary medical facilities for COVID-19.

In addition, FMTL provided uniforms, shoes, and stationary to 10 1st graders (5 boys and 5 girls) in Mittrapap School, and continue offering the previous calendars and used lottery tickets to the organizations for visually impaired and people with intellectual disabilities. The offers will be used for their Braille textbooks and craft arts.




PT. F.TECH INDONESIA (FTI/Karawang, Indonesia)

Acquired IATF16949 Standard Certification & "The Best Vendor Performance Award"

FIT has been aiming to obtain IATF 16949 standard certification. However, we were not able to proceed it as we had planned due to the action restrictions by COVID-19. In 2021, we resumed the activities, and then we were able to acquire the standard certification in March 2022 after the examination in December.

In addition, we were awarded "The Best Vendor Performance Award" by the parts center of SUZUKI INDOMOBIL MOTOR for our excellent performance in terms of delivery and quality. The awarded period is FY 2019, but the commendation was delayed due to the epidemic of the new coronavirus in Indonesia. Although the number of new infections is still high, there is an indication to relax action restrictions. At the same time, we would like to gradually resume our social contribution activities.